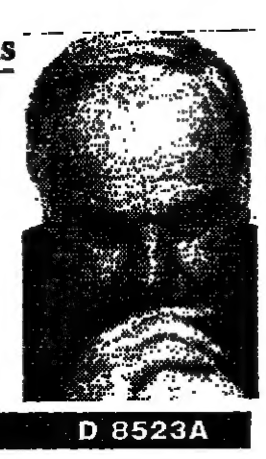
Gold *The lure fades* Page 17

Japan *Industry keeps a lid on wage rises* Page 4

Boeing *Why its shares are grounded* Page 19

German state elections *Kohl fights to save face* Page 2



FINANCIAL TIMES

Thursday March 26 1992 EUROPE'S BUSINESS NEWSPAPER D 8523A

GE cuts jobs and investment at Hungarian plant

General Electric, US electrical engineering company, is to cut investment, output and jobs at its Tungsram light bulb plant in Hungary, one of the earliest and biggest western joint ventures in eastern Europe, because of heavy losses.

GE blamed rising local costs for the reversal and called for devaluation of the Hungarian forint, to keep pace with inflation. Staff numbers will fall 25 per cent. Page 19; Mercedes deal, Page 20

Libya sanctions revived The US, Britain and France renewed their campaign to clamp UN sanctions on Libya after the Arab League failed to convince Tripoli to surrender the two alleged Lockerbie bombers. Page 4

Brussels suspends Perrier bid Nestlé's FFr15.46bn ($2.76bn) bid for Perrier was suspended for four months when the European Commission said it would launch an investigation into the deal's impact on the French mineral water market. Page 19; Lex, Page 18

US durable goods orders fall: Orders for US durable goods fell 0.1 per cent last month after a revised 2.4 per cent gain in January. The decline suggests the economy may not yet be on the road to full recovery. Page 7

Defeat for England: Pakistan's captain Imran Khan celebrates the fall of the final England wicket in the cricket World Cup final in Melbourne. Pakistan won the trophy for the first time, making 249 for 6 in 50 overs. England were bowled out for 227 in the final over. Imran's 72 was the highest score of the match. England's top scorer was Neil Fairbrother, with 62.

Poll row over health service: Britain's general election campaign exploded into a bitter row over the national health service after Conservatives responded to a controversial Labour broadcast with a series of personal attacks on Labour leader Neil Kinnock. Page 18; Election, Pages 10-12

Clash looms over Iraqi N-plant: A UN team destroyed Iraqi missile equipment in a major step towards scrapping Iraq's arsenal but a fresh confrontation loomed over a nuclear plant targeted for demolition. Page 4

Services threat to Gatt: A US threat to exclude its services, such as banking and telecommunications, from free trade rules met an angry response from trading partners in Gatt trade negotiations. Page 8

Roh plans reshuffle: President Roh Tae Woo of South Korea is likely to reshuffle his cabinet and the leadership of the ruling Democratic Liberal party following its narrow defeat in national assembly elections. Page 18

Matsushita Electric Industrial, the world's largest consumer electronics company, will overhaul management and set up a new subsidiary as part of reforms to atone for dealings with Japanese stock and property speculators. Page 21

Turkish jets attack Kurds: Turkish aircraft attacked Kurdish guerrilla camps in northern Iraq after a wave of violence in mainly Kurdish south-east Turkey in which 70 people have died.

Cosmonaut returns: Cosmonaut Sergei Krikalyov, whose return to earth was delayed by a lack of money, touched down to different world from the one he left 10 months ago. In that time, the Soviet Union has ceased to exist.

CMB Packaging, Europe's largest packaging group, which reshuffled top management and cut costs, reported a 16 per cent rise in 1991 net profits to FFr852m ($152m). Page 19

Businessman proposed as PM: Narong Wongwan, a businessman from northern Thailand who was refused entry to the US because of alleged drug trafficking links, was proposed as prime minister by pro-military parties. Page 4

Satanic Verses in paperback: Salman Rushdie's novel The Satanic Verses, which outraged Moslems, will be out soon in paperback in Britain. Rushdie was condemned to death three years ago by Iran's late Ayatollah Khomeini.

Reckitt & Colman, the UK food and household products group, increased pre-tax profits to £252.3m ($436.5m) last year, helped by the £713m acquisition Boyle-Midway. Page 28; Lex, Page 18

Schering, the German pharmaceuticals and chemicals group, is negotiating with more than 30 companies over the possible sale of its chemicals and electroplating operations. Page 20

■ US LUNCHTIME RATES		
Federal Funds:	3¾%	
3-mo Treas Bills: Yld	4.087%	
Long Bond	100½	
Yield	7.919%	
■ LONDON MONEY		
3-mo Interbank	10⅝%	(10¾%)
Liffe long gilt future:	Jun 94½	(Jun 94⅞)
■ STOCK INDICES		
FT-SE 100:	2,464.9	(+6.2)
Yield	5.01	
FT-SE Eurotrack 100	1,144.53	(+1.65)
FT-A All Share	1,191.92	(+0.1%)
Nikkei	20,226.79	(+335.21)
New York lunchtime		
Dow Jones Ind Ave	3,274.80	(+13.84)
S&P Composite	409.78	(+0.90)
■ NORTH SEA OIL (Argus)		
Brent 15-day (May)	$17.925	(17.80)
■ Gold		
New York Comex Apr	$354.3	(353.1)
London	$341.5	(338.6)

■ STERLING		
New York lunchtime:		
$	1.7295	
London:		
$	1.7315	(1.72)
DM	2.86	(2.8625)
FFr	9.6975	(9.705)
SFr	2.5975	(2.605)
Y	231.0	(230.0)
£ Index	90.1	(90.0)
■ DOLLAR		
New York lunchtime		
DM	1.64975	
FFr	5.597	
SFr	1.4967	
Y	133.365	
London:		
DM	1.652	(1.664)
FFr	5.60	(5.6425)
SFr	1.5005	(1.514)
Y	133.35	(133.7)
$ Index	66.1	(66.4)
Tokyo open Y 133.75		

Yeltsin facing more pressure to quit as premier

By John Lloyd in Moscow

POLITICAL pressure is mounting in Moscow to remove Mr Boris Yeltsin as prime minister and replace his government with an administration less committed to radical economic reform.

Mr Yeltsin, who is both president and prime minister, remains the most popular Russian politician in the polls, but has been identified with his government's severe economic reforms and made vulnerable to parliamentary attack.

The first strong signs of the offensive against Mr Yeltsin emerged this week. At a meeting on Tuesday of the Constitutional Commission, which is working on the draft constitution for presentation to parliament, cut the parliamentary votes needed to remove a prime minister from two thirds to a bare majority.

They also deleted Mr Yeltsin's right to appoint regional governors, who now act as his plenipotentiaries across Russia.

While Mr Yeltsin may be able to restore the clauses he has lost, the victory of the anti-government forces shows the rising tide of discontent. He is expected to feel its the full force of the offensive when the Russian Congress of Peoples' Deputies opens on April 6.

The opposition is concentrated among disaffected deputies who are unhappy with Mr Yeltsin's concentration of powers.

Earlier this month, Mr Yeltsin added the post of defence minister to his portfolios. Under his presidency, Russia has assumed most of the powers of the former Soviet Union.

In October last year he also won the right in parliament to legislate by decree – a right deputies now regret granting him.

■ **Germany seeks to speed G7 aid to Russia**......Page 2

Mr Yeltsin admitted yesterday that the government would fall if he were replaced as prime minister because it is sustained by his own popularity.

No one will challenge him as president, but there is a widespread feeling among Russian deputies that he should go as premier.

Many observers believe he will have to sacrifice Mr Genady Burbulis, the unpopular first deputy prime minister – who got an 0.8 per cent approval rating in a public opinion poll yesterday – but he may be able to defend Mr Yegor Gaidar, the deputy prime minister in charge of economic reform.

A senior Western diplomat said yesterday: "Gaidar is very important for the IMF right now, and Yeltsin knows how important the IMF is to him".

However, the IMF is precisely what the government's opponents are focusing on. Mr Gaidar had to endure a torrent of abuse by former presidential advisers on Tuesday, all of them accusing him of being a tool in the hands of the Fund.

"There is a lot more anti-western rhetoric around these last couple of weeks," said the western diplomat.

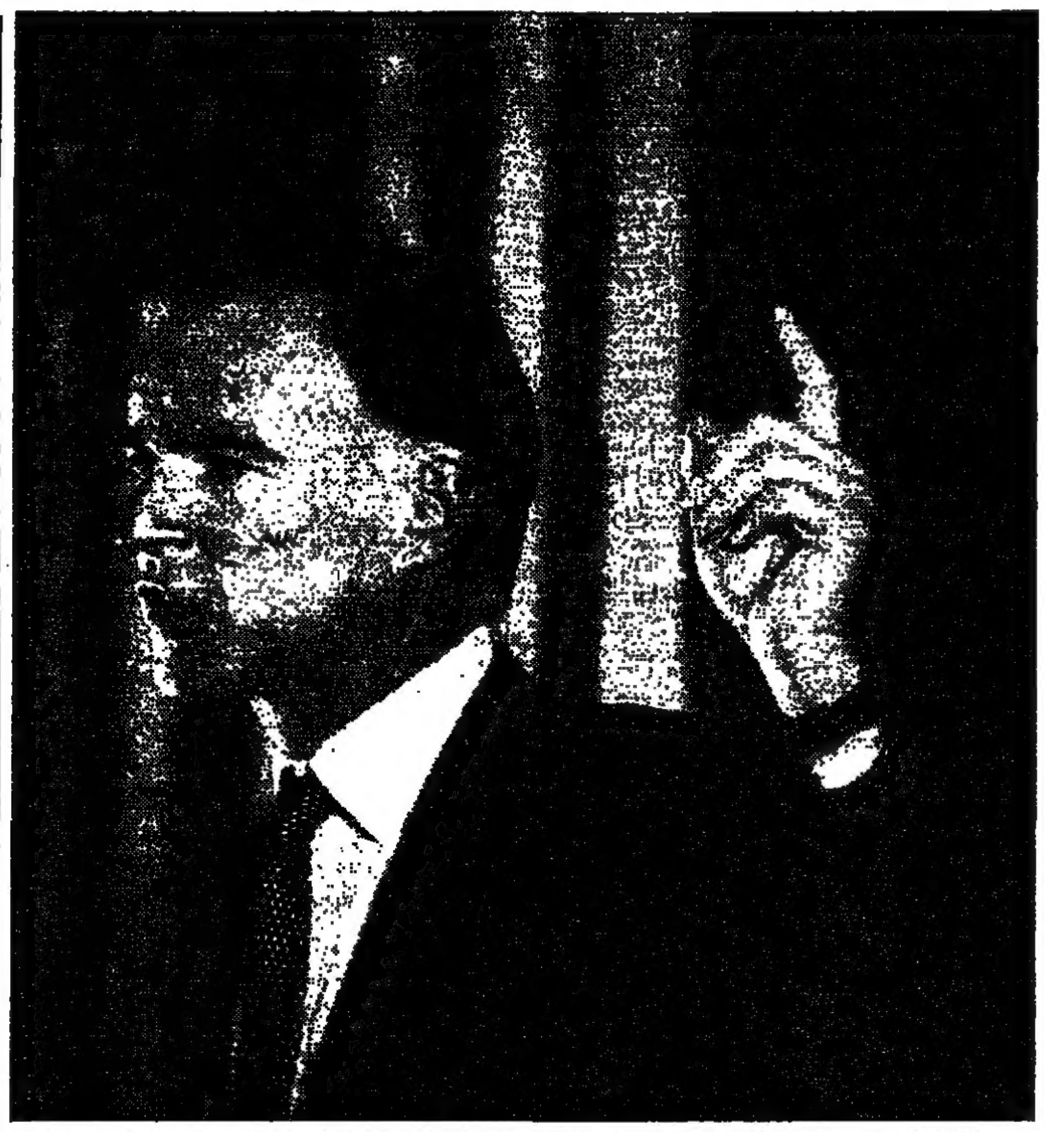
The opposition, focused on the figures of Mr Alexander Rutskoi, the vice president, and more particularly Mr Ruslan Khasbulatov, the parliamentary chairman, pits the powers of parliament against those of the government when the constitution does not clearly define either.

For example, Mr Khasbulatov has "settled" the threatened airline pilots' strike by skilfully promising to pay them everything they want – though there seems to have been no liaison between him and the government, which will have to pay the costs of the settlement.

Mr Gaidar is defending himself strongly, and has banned all talk of resignation among his team.

When those team members took over their posts in January, they used to say that they would be lucky to survive two months.

He said that production of basic industries was stabilising and that the industries suffering most – such as heavy machinery and defence – were those where restructuring was necessary and where credits would not be given to bail them out.



Pointed victory: Jerry Brown's Connecticut success has stung Democrat frontrunner Bill Clinton

Democrat race intensifies as Clinton hits at Brown

By Jurek Martin, US Editor, in Washington

STUNG by defeat in Tuesday's Democratic primary in Connecticut, Mr Bill Clinton yesterday began direct attacks on the policies of his conqueror, Mr Jerry Brown.

He told a press conference in New York, scene of the next big primary two weeks from now, that Mr Brown's proposed flat rate of income and value added taxes would be "a disaster – a war-on-New York tax".

It would, he said, "triple taxes on the poor, increase taxes on the middle class by 30 per cent and lower taxes on rich Americans".

But Mr Brown immediately showed himself to be a wily, as well as unscrupulous, campaigner. Yesterday afternoon he was due to fly to Albany to meet New York's most powerful politician, Governor Mario Cuomo. Mr Cuomo is barely on speaking terms with Mr Clinton after the latter had suggested he might have Mafia connections.

Pierced by disenchanted Democrats..................Page 7

Thickening the plot, a leader of the "draft Cuomo" movement in New York said that, if Democrats really wanted their governor to run for president, then a vote for Mr Brown would best serve that end. The endorsement of either candidate by the eternally enigmatic Mr Cuomo will be ardently sought, but probably hard to get.

The tendency of the Democratic party's national leadership yesterday was to rally behind Mr Clinton, largely because Mr Brown is seen as unelectable in November. Mr Ron Brown, party chairman, pointed out that Mr Clinton still had an enormous lead in accumulating delegates.

It was also rumoured that Mr Clinton might soon get the endorsement of a previous candidate, Senator Tom Harkin of Iowa. His strong union connections might help blunt Mr Brown's appeal to organised labour. Mr Paul Tsongas, who has withdrawn from the race, may also come under some pressure to disclose a preference.

Connecticut's record of quirkiness in Democratic primaries was also frequently cited. But defeat

Continued on Page 18

Mars sees bounty as Brussels orders thaw in German ice cream market

By Andrew Hill in Brussels and Guy de Jonquières in London

MARS, the US-owned confectionery group, will no longer find itself frozen out of the German ice cream market this summer following a European Commission ruling yesterday against its two main competitors.

The Commission cut the exclusive ties between retailers and individual manufacturers, allowing the US company to supply all German stores with Mars, Milky Way, Snickers and Bounty ice cream bars in time for the hot-weather rush.

Mars complained to Brussels last September that its entire German operation would suffer because of restrictive contracts relating to dealings between German retailers and the producers Langnese-Iglo, a subsidiary of Unilever, and Schöller Lebensmittel.

The ruling stated that contracts obliging retailers to stock only products by those companies were a "prima facie" infringement of European Community competition rules and such contracts would "seriously and irreparably damage" Mars' business.

The Commission said: "With immediate effect, Langnese and Schöller may no longer require their tied retailers in Germany to sell only their ice cream."

Yesterday's action follows two complaints to Brussels last September by the US company, which entered the ice cream business only three years ago with frozen versions of its chocolate bars.

The company's success in pioneering this wholly new area of the ice cream market has prompted several other manufacturers, including Schöller, to introduce competing products recently.

It is unusual for Brussels to act so quickly on a complaint, but officials said that Mars had convinced them that its seasonal challenge to the German producers would be badly undermined if immediate action was not taken.

The Commission's order is a temporary measure while it carries out a more in-depth investigation of the restrictive retailing system in the ice cream industry.

It also expects to have looked into another complaint from Mars that German retailers are obliged to stock Langnese and Schöller freezers with only those companies' products.

The Commission will not publish details of market shares, but Langnese is believed to control some 75 per cent of the market in west Germany and 50 per cent in the east German länder - or states.

Schöller has 25 per cent and less than 20 per cent in the respective regions.

According to the Commission, the German stores worst affected by the restrictive contracts are those catering to impulse buyers, attracted by what the Brussels jargon describes as "single items of ice cream bought for immediate consumption".

These small- and medium-sized shops account for 60 per cent of the impulse market.

Mars, which welcomed the Commission's action, has aimed from the outset to sell its ice creams throughout Europe.

The ice creams are produced at a recently completed £20m plant in eastern France, the largest of its kind in Europe.

Shares hit by Italy's widening budget gap

By Robert Graham in Rome

THE ITALIAN public sector deficit could reach as much as L160,000bn ($128bn) this year instead of the L128,000bn target set in the 1992 budget, the treasury said yesterday.

The confirmation of the larger deficit by Mr Guido Carli, treasury minister, in the treasury's accounts for 1991 contributed to a fall in share prices in Milan to their lowest level this year.

The Comit index dropped 6.21 to 499.29. The market was also depressed by Banca Commerciale Italiana's 1991 results and fears of a lira devaluation.

Ministers in the outgoing Christian Democrat-led coalition government of Mr Giulio Andreotti recognise the need for an early mini-budget to correct Italy's deteriorating public finances. But the timing is complicated by the April 5 general election and the expected delays in forming a new coalition.

The blame for the increased deficit is being placed on a mix of higher expenditure and lower fiscal receipts. Greater spending largely reflects the extra cost of servicing Italy's L1,450,000bn debt as a result of higher interest rates. This alone has added L8,000bn of debt service to total L182,000bn on latest estimates.

The government has also slipped through a number of spending items, including extra national health payments, as election sweeteners.

On the fiscal receipts side, officials now accept their growth projections for 1992 were overly optimistic. As a result of slowed growth, overall tax receipts could be lower by L20,000bn.

The Treasury also confirmed yesterday that the 1991 deficit topped L152,000bn, equivalent to 10.7 per cent of GDP. This was against original projections of L140,000bn.

Before the new estimates of the

Continued on Page 18
World stock markets, Back Page, Section II

Austria	Sch30	Hungary	Ft182	Malta	Lm0.50	S.Arabia	SR9.00
Bahrain	Din1.000	Iceland	IKr180	Morocco	MDh11	Singapore	S$4.10
Belgium	BFr60	India	Rs20	Neth	Fl 3.50	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr14
Czech	Kcs35	Israel	Shk6.50	Norway	NKr15.00	Switz	SFr3.00
Denmark	DKr14	Italy	L2500	Oman	OR1.20	Thailand	Bht50
Egypt	E£4.00	Jordan	JD1.20	Pakistan	Rs35	Tunisia	Din1.000
Finland	FM10	Korea	Won 2500	Philippines	Peo45	Turkey	L6000
France	FFr8.00	Kuwait	Fils.500	Poland	Zl 18,000	UAE	Dh8.00
Germany	DM3.30	Lebanon	L£1,250	Portugal	Es180		
Greece	Dr250	Lux	LFr60	Qatar	QR10.00		

CONTENTS

Germany seeks to speed up G7 aid to Russia

By Quentin Peel in Bonn

GERMANY is hoping to reach agreement on a comprehensive economic aid programme for Russia before the world economic summit of the Group of Seven (G7) industrialised states in July.

The package would follow Russian membership of the International Monetary Fund, which German officials hope will be agreed in April. It would include co-ordinated technical assistance, in addition to immediate humanitarian aid, and almost certainly a rouble stabilisation fund.

Chancellor Helmut Kohl, who is chairing the economic summit in Munich, has spelt out three areas where western aid should be concentrated, apart from the stabilisation fund: on agriculture, infrastructure, and nuclear safety.

He wants to invite Mr Boris Yeltsin, the Russian president, to attend the meeting, but not in order to bargain over the shape and form of an aid package, German officials say. That should be finalised in advance.

"We don't want Munich to be an occasion to fix how much money will be given," a senior finance official said. "It would be wrong to think if Yeltsin comes it is to get more money."

As far as Russia is concerned, the plan is for IMF membership to be agreed as quickly as possible, which depends on final agreement on the Russian quota, or share of the IMF capital, which in turn determines how much it can borrow. That question the German government sees as primarily political, not economic.

"We must be conscious that the Russian parliament might say to Yeltsin: 'Too low a quota means you are selling yourself to the IMF and getting nothing back.' The West might want the quota as small as possible, but if that means Yeltsin has the (IMF-backed) programme rejected in parliament, it would be self-defeating," the finance official said.

At the moment, the Russian quota is expected to be fixed at something more than 3 per cent, up from the 2.5 per cent first mooted.

Progress with Ukraine, the second largest ex-Soviet republic, has been much slower, although the government in Kiev now appears ready to sign the western-backed memorandum of understanding on debt-servicing. "The Ukraine is a bit crazy," one official in Bonn said. "They are only thinking of political liberation from Moscow, and they are prepared to let their economy suffer to get it."

The German intention, as co-ordinator of the G7, is to finalise the overall plan in the first half of the year. Another element will be an attempt to co-ordinate technical assistance, to avoid competition between the western countries. "We cannot send a new adviser every day," the senior official said. "We must ensure that they strengthen their own decision-making capacity. And we must avoid national competition."

The former Soviet Union is likely to be given another breather on the repayment of billions of dollars of principal on its western commercial bank debt, Reuter reports from Frankfurt.

Sources on the advisory committee dealing with the bank debt of the Commonwealth of Independent States (CIS) said a meeting in Frankfurt today would agree on a second 90-day extension beyond its original repayment date, known in banking as a roll-over. "Another deferral makes sense . . . probably for three months until the end of the second (1992) quarter," said a senior banker.

In the trenches: Moldovan forces dig in near the village of Koshnitsa in disputed Trans-Dnestr after pushing back Cossacks and republican guards who had been been drafted in to the region to back a Dnestr republic proclaimed by Moldova's Russian-speakers

CSCE breaks Karabakh deadlock

Robert Mauthner reports from Helsinki on the decision by representatives of Azerbaijan, Armenia and the disputed enclave to begin talks

EFFORTS to resolve the conflict over the trans-caucasian enclave of Nagorno-Karabakh gathered momentum yesterday when the three parties to the dispute agreed to hold direct talks.

The talks would be separate from the 10-nation peace conference in Minsk, the Belarus capital, which was set up on Tuesday by the Conference on Security and Co-operation in Europe (CSCE).

Mr Raffi Hovannisian, Armenian foreign minister, announced the trilateral meeting between Armenia, Azerbaijan and representatives of Nagorno-Karabakh, which is inhabited mainly by Armenian Christians but administered by Azerbaijan. He had earlier held talks in the margin of the CSCE ministerial conference with Mr Hikmet Cetin, his Turkish opposite number – the first Turkish-Armenian meeting at this level since Armenia declared independence from the Soviet Union.

Mr Hovannisian said Armenians had also been in touch with Azerbaijan at the highest level, through Mr James Baker, US secretary of state, and the Turkish foreign minister.

Mr Hovannisian said the place and date of the trilateral meeting remained to be decided, but he hoped it would take place in Nagorno-Karabakh. It would be held "in parallel" with the wider CSCE meeting.

The talks would address a ceasefire, the lifting of the Azerbaijani economic blockade on Armenia, and the return of weapons which have been taken by combatants from the former Soviet army.

Mr Hovannisian stressed that no CSCE talks could be successful unless representatives of Nagorno-Karabakh were allowed to participate in their own right. Under a compromise reached by CSCE ministers on Tuesday, representatives of the enclave will be invited to the conference as "interested parties" by the chairman of the talks, after consultation with the participating states.

Mr Jiri Dienstbier, the Czechoslovak foreign minister and current chairman of the CSCE, told the ministerial meeting he would go to Nagorno-Karabakh next Monday to prepare the 10-nation peace conference. "I expect that the ceasefire mediated through Iranian efforts, which are appreciated, will be extended," he said.

Mr Dienstbier attacked CSCE member states who he said had spent more than two years exchanging assurances about the collapse of totalitarianism and the progress of democracy, while failing to react adequately to dangerous developments.

The future of the European Community, Nato, the Western European Union and the CSCE itself was secure only to the extent that they were able to deal with the fundamental changes that had occurred in Europe and elsewhere, he said.

The rights of national minorities in an increasingly fragmented Europe emerged as one of the main themes of the Helsinki follow-up conference.

Mr Hans van den Broek, the Dutch foreign minister, strongly supported by his German colleague, Mr Hans-Dietrich Genscher, proposed the appointment of a CSCE High Commissioner for Minorities, whose task would be to provide early warning and early action to prevent "simmering conflicts which have not yet come to an explosion".

EC cross-border transfers

Brittan outlines bank charge plan

By Andrew Hill in Brussels

EC CONSUMERS could save more than Ecu1bn ($1.2bn) annually in bank charges, if banks and building societies follow European Commission guidelines aimed at making it easier and cheaper to transfer cash across borders.

Sir Leon Brittan, the financial services and competition commissioner, yesterday unveiled the Commission's programme for improving cross-border payment systems in time for the launch of the single European market in 1993.

"It's a cumulative approach, not a big bang approach," he explained, urging banks, users and public authorities to work towards a cheap, quick and reliable system. An independent study will be commissioned at the end of this year to assess progress. If it is still dissatisfied, the Commission may then press for formal legislation to improve the system.

The paper includes a five-point users' charter calling for banks to provide clear and consistent information to the customer on transfer methods and costs.

According to the Commission, private and commercial users should be able to complain to national ombudsmen if they experience problems. At the moment there are some 200m cross-border retail payments annually, costing on average about 20 times more than the same domestic transfer.

Brussels aims to encourage electronic links between national clearing houses - which handle domestic money transfers.

David Barchard adds: APACS, the UK organisation which handles payments and clearing, yesterday welcomed the proposals.

UK banks are relieved that Sir Leon and the Commission have not tried to impose a framework on the market at this stage.

Groupement des Cartes Bancaires, which represents French banks belonging to the Eurocheque system, said it would appeal to the EC's lower court against a Ecu5m (£3.57m) fine imposed by the European Commission, writes Andrew Hill. Brussels has accused the banks of striking an anti-competitive deal with Eurocheque, the cheque guarantee organisation, to charge French retailers every time they accepted a Eurocheque. Eurocheque was fined Ecu1m.

Attitudes harden in dispute at Bank of Italy over pay

A LONG-running dispute at the Bank of Italy over the renewal of a three-year wage and work conditions contract for the bulk of the institution's 9,400 employees has become more entrenched and the unions are threatening stoppages and other disruptions next month, writes Robert Graham in Rome.

Mr Carlo Azeglio Ciampi, the governor, is holding firm against a wage increase which would breach the 4.5 per cent ceiling laid down in the 1992 budget for public sector pay rises. The bank cannot afford to be seen to be setting a bad example at a time when it has been critical of high public sector wage claims in the previous two years which have helped fuel inflation.

But the unions are arguing that the current rate of inflation is unlikely to be below 5.5 per cent this year and that the wage ceiling increase is unrealistically low.

NEWS IN BRIEF

Russia's 'nuclear power timebomb'

ALL Russia's 400 nuclear power stations and research centres are a potential danger, a safety official said yesterday, Reuter reports from Moscow. Mr Sergei Shoigu, chairman of the State Committee for Civil Defence and Emergencies, said Tuesday's radiation leakage at a nuclear power plant near St Petersburg posed no danger. But criticism of the reactor type used in St Petersburg, the same as that which exploded in Chernobyl in 1986, was justified. One of the most worrying problems was the "uncontrolled departure" of specialists.

In Vienna, the International Atomic Energy Agency (IAEA) said it had downgraded the accident to a level two incident from level three on the INES (International Nuclear Event Scale).

Gorbachev in party cash inquiry

Russian prosecutors have asked former Soviet president Mikhail Gorbachev to remain in Moscow next month for questioning about the finances of the suspended Communist party, according to Itar-Tass news agency, Reuter reports from Moscow. It said prosecutors had collected evidence that the Communist party, which ruled for 73 years, channelled funds to foreign groupings. Many members of the party's former politburo had already been questioned.

Official rouble rate drops

The Russian central bank bowed to pressure from the market yesterday and lowered the value of its fixed "market rate" for the rouble from 90 to 100 to the dollar, Reuter reports from Moscow. The so-called market rate is used for some compulsory currency exchange by firms earning hard currency. It has changed three times this year.

Black market dealers are offering up to 125 roubles per dollar. Companies paid an average of 160.4 roubles per dollar on Tuesday in small-scale trading sessions organised by the central bank.

Irish amend abortion protocol

The Irish government has sent its European Community partners suggested amendments to a special Irish abortion protocol built into the Maastricht treaty on European union, Reuter reports from Dublin.

The protocol, due to be included in an Irish referendum in June, has to be changed following the case of a 14-year-old rape victim who was initially banned from having an abortion in Britain. The Supreme Court, fearing the girl would kill herself unless she had an abortion, overruled the lower court ban. It also said abortion should be allowed in Ireland in certain limited circumstances when the woman's life was threatened.

Roman Catholic Ireland has obtained from its 11 EC partners a special protocol in the Maastricht treaty confirming that abortion would remain illegal in Ireland.

EC launches computer guide

A guidebook to help European public sector procurement officials cope with the maze of standards and specifications for "open systems" computer and telecommunications equipment will be launched by the European Commission in Brussels today, writes Paul Taylor.

"Open systems" are designed to work easily with similar systems made by other manufacturers, unlike proprietary systems which are difficult to link.

EC member states spend more than Ecu600bn (£430bn) a year on public procurement, and a growing proportion of that is on information technology. The move towards open systems within the EC is intended to complement the emergence of the single market which increasingly requires such systems for the free movement of computerised information.

French unemployment rises

France's unemployment rate edged closer to the 10 per cent level in February, AP-DJ reports from Paris. Overall unemployment rose to 2,449,000, or 9.9 per cent, from 9.8 per cent in January.

The number of registered job-seekers in France rose by 16,300 in February to 2,876,300 on a seasonally adjusted basis. The French Labor Ministry said that on a month-to-month basis, the rise in job-seekers was only 0.6 per cent.

UN plea as six more die in Bosnia

By Laura Silber in Belgrade

AT LEAST six people were killed yesterday in fighting around Bosanski Brod, a strategic town on Bosnia-Hercegovina's frontier with Croatia, despite a UN plea to halt the conflict.

Radio Sarajevo said more than 1,000 grenades hit Bosanski Brod, a mixed town of mostly Serbs and Croats.

The town's crisis centre yesterday appealed for the despatch of UN peacekeepers "to prevent the town from total destruction."

General Satish Nambiar, the UN commander, has warned that violations of the ceasefire, which have left at least 18 dead in the last two days, could delay the deployment of 14,000 peacekeepers.

At the same time, Bosnia's Moslem leaders yesterday appeared to go back on an agreement brokered last week by the European Community among the leaders of Bosnia's national parties to divide the central republic into three separate areas which would give Moslems, Serbs and Croats local autonomy.

Kerin Hope in Athens adds: Mr Constantine Karamanlis, the Greek president, yesterday reiterated the government's unwillingness to recognise the Yugoslav republic of Macedonia. Separately, the United States and Germany are pressing Greece to open direct talks with Macedonia on their dispute over what the new republic should be called.

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NEWS: EUROPE

King Kohl comes off his throne to kiss a princess

The chancellor has been called in to shore up his party's electoral chances in Baden-Württemberg. writes Quentin Peel

IT IS St Matthew's Market festival in Schriesheim, the fun fair is packed, and the Big Man is coming. There is an air of expectancy in the marquee, stoked-up by the thumping rhythm of a police brass band and copious quantities of local white wine.

Chancellor Helmut Kohl, himself a south-westerner, is on the campaign trail. With time running short ahead of the April 5 election in the state of Baden-Württemberg, the German leader is throwing his own bulk and personal reputation on the party line.

Mr Kohl's Christian Democratic Union (CDU) is fighting to defend its absolute majority in the last "old" West Germany state where it still governs. The party should be cruising home to a crushing victory. This is the wealthiest state in the west, which makes it just about the wealthiest region of western Europe. It is the high-tech capital of Germany and its leading exporter. Throw in the Unity Chancellor, the man who brought the nation back together, and the CDU should be home and dry.

But it is losing ground. The polls suggest that, for the first time in 20 years, it will be forced to share power with a rival. That would be a damaging loss of face for the ruling party, and a sad loss of influence. Which is why Mr Kohl has come to kiss the Wine Princess and rally the faithful.

Vote catcher: Kohl in typical campaign mode sells himself as the man who brought unity

It was a classic performance, nicely geared to the mood of his audience, the League of Self-Employed, bed-rock of Germany's economic might.

First, he appealed to their sense of nation: unification was an historic achievement, and they should not despair at the cost, for recovery was just around the corner. Then he appealed to their internationalism: a united Germany must be locked into a united Europe, but the Deutsche mark would never be abandoned for a weaker currency. And, finally, he appealed to their prejudice: the CDU was the only party with a solution to the flood of asylum seekers pouring into Germany at more than 30,000 a month.

The last was the theme that really mattered, no matter how obliquely it was put. "I am quite against doing away with the right to political asylum," he declared. "But these people are coming here on economic grounds. We cannot be expected to solve their problems here in our country." There was a storm of applause.

The Chancellor's rivals - the Social Democrats (SPD), the Free Democrats (FDP), with whom the CDU has to share power back in Bonn, and the Greens - all insist he is playing with fire. "Asylum was not a spontaneous theme," says Mr Roland Kohn, state chairman of the FDP. "It has very deliberately been made into one by the CDU."

The theme might well represent the chicken-and-egg syndrome, but there is little doubt that it is now campaign theme Number One. Mr Erwin Teufel, prime minister of Baden-Württemberg and master of the local CDU machine, says that, between June and October last year, the issue soared from being a concern for 30 per cent of voters to no less than 70 per cent. He is playing it for all he is worth.

The reason is not hard to find. The election in Baden-Württemberg in general and the ruling party in particular are haunted by two ghosts which Mr Teufel, for all his name (it means "devil"), is struggling to exorcise.

One is that of his predecessor, the hugely popular and successful Mr Lothar Späth, hounded out of office last year on suspicion of corrupt dealings with a local businessman. The worry remains that it was not corruption, but Mr Kohl, who really forced our Mr Späth. The ordinary electors certainly appear to mourn his passing. "He's accused of travelling the world at other people's expense," according to a rival politician. "People here say good luck to him: at least he didn't travel at the taxpayers' expense."

The other ghost is that of the extreme right-wing, which will either be exorcised, or invigorated, by the theme of asylum. "Other parties," as the extremist right is euphemistically called in the polls, enjoy the support of about 8 per cent of voters. Split into three groups, the strongest, the socalled Republicans, could even gain the magic 5 per cent needed to win seats in the state parliament.

Mr Dieter Spöri, leader of the SPD, is in no doubt about the danger, or the cause. "If Mr Teufel gets his way, and the asylum debate is whipped to fever pitch, the one certain result is that the right-wing extremists will get seats in the parliament," he says.

The SPD wants to fight the election on the economy and the cost of unification, but these themes are being forced into the background. The trouble for the SPD is that, in spite of the economic warning signs, the streets of Stuttgart are still literally bulging with accumulated prosperity.

In theory, the far-right also ought not to be too serious a threat to the CDU. The movement is leaderless and fractious, immigration is its only real issue , and, even here, it possesses little content or coherence; "The time is right," posters proclaim, "The boat is full."

Mr Teufel sees the extreme-right as no more than the result of a periodic protest vote, not a trend, but somehow cannot quite exorcise it on his own. So he has called in Mr Kohl to back him up. That is why the election will be seen as a vote of confidence in the Big Man himself.

German prices continued to rise this month, with the state of Baden-Württemberg yesterday reporting an annual inflation rate of 4.6 per cent for the month of March after recording 4.3 per cent in February, writes Andrew Fisher in Frankfurt.

Economists expect west German inflation to peak this month at around this level - other states will report shortly - and then ease towards 3 per cent by the year-end.

The Bundesbank, which this week reported that money supply was still expanding well beyond its target, has said it wants to bring inflation down to 2 per cent.

However, the central bank does accept that this will not occur in 1992.

Slovak leader to face probe

From Ariane Genillard in Prague

THE CZECHOSLOVAK federal police have launched an investigation into the activities of the most popular Slovak politician, Mr Vladimir Meciar, following accusations that he collaborated with the hated secret police under the communist regime.

The findings of the investigation could ruin the political career of Mr Meciar, who leads the strongest opposition party in Slovakia ahead of next June's general elections and is a fierce advocate of greater Slovak autonomy from the federal government in Prague.

The move follows a report written by the Slovak parliament's defence and security committee which is based on witnesses' testimonies and accuses Mr Meciar of having once been a secret agent and of having removed incriminating evidences and promoted loyal former agents in the Slovak interior ministry after the revolution.

Mr Meciar, a lawyer under the communists, joined the Slovak dissidents spearheading the November 1989 revolution and became Slovak interior minister until June 1990.

Asylum-seekers find refuge from the lunatic fringe

By David Waller

ONE NIGHT last year a half-drunk teenager on the way back from a disco in the centre of Karlsruhe lobbed a makeshift petrol bomb over the fence. It set fire to the window-frame of one of the dormitories, and then went out.

According to Karl Heinz Sieb, the burly, friendly deputy-director of Baden-Württemberg's central reception centre for asylum-seekers, this is the only disturbance the centre has had since it was built in 1990.

Otherwise, Baden-Württemberg's Zentralanlaufstelle für Asylbewerbe - ZAST for short - is a haven of tranquillity, with beds for 850, tidy courtyards, volley-ball pitch and table-tennis.

The well-behaved and well-looked-after residents stand around, hands in pockets, clearly nonplussed at what-for many is their first experience of European civilisation.

Between 250-300 asylum-seekers arrive here every working day of the week. Although Romania and Yugoslavia account for nearly half the applicants, others come from further afield, from China, Turkey, Afghanistan, India, Nigeria, Sri Lanka.

They are given new clothes, food, medical attention. They sleep on clean sheets in scrubbed, warm dormitories.

They stay here for an average of three or four nights while their initial applications for asylum are processed.

Then they are shipped out to the villages and towns of Baden-Württemberg, where they are billetted at the municipalities' expense until their applications are fully processed. This can take months, if not years.

"All they have to do is say the word 'asylum' and the whole process is underway," says Mr Sieb. In the event most applications are rejected - only 6.9 per cent of the 256,112 applicants were granted asylum last year - but the process is slow.

Mr Sieb is proud of the efficiency with which the centre deals with the initial applications, but his success in processing asylum-seekers causes problems for the rest of Baden-Württemberg. Every town with more than 1,000 inhabitants is obliged by law to find accommodation on the basis of 9.25 beds for every 1,000 inhabitants.

The rest of Baden-Württemberg is not always as welcoming as Karlsruhe: in early January skinheads threw firebombs at a hostel housing 40 refugees at Waldkirch in Breisgau, near Freiburg. This time they did more than set a window-frame alight.

Both doors to the hostel were on fire by the time the fire-brigade arrived and the residents had retreated to the third floor to escape the smoke. More than half of them ended up in hospital suffering from smoke inhalation, and one nearly died.

Libya faces imminent UN sanctions vote

By Michael Littlejohns in New York and Mark Nicholson in London

LIBYA last night faced the near certainty of UN Security Council-mandated sanctions after Col Muammer Gadaffi's repudiation of an apparent deal to surrender the alleged Lockerbie bombers.

British officials said they were confident that a resolution to impose sanctions, including a ban on air links and arms sales, would pass by a comfortable majority in the 15-member council. Mr Diego Arria, of Venezuela, president of the Council, said a vote was likely in days.

However, diplomats said the vote may await the initial stage of proceedings brought by Libya against the US and Britain at the International Court of Justice which open today at the Hague. Libya is seeking a court ruling on where the two Lockerbie suspects should stand trial, and an injunction barring the US and Britain from pressing it to surrender the pair. The court's decision could take weeks, but the US, Britain and France have said they would not await its verdict before putting the sanctions resolution before the Security Council.

The US, Britain and France had deferred pressing for a vote on sanctions after the Arab League launched a mission to Tripoli on Tuesday. There were suggestions Libya was prepared to hand the two suspects over to the League, which would in turn make them available for trial in the US or Scotland.

However, the delegation reported on its return to Cairo that Libya was prepared to turn over the two men only under conditions unacceptable to Britain and the US.

Arab diplomats said that Col Gadaffi and Mr Abdel Salam Jalloud, his number two, told the delegation that statements by Libya's ambassador to the UN suggesting an unconditional handover of the Lockerbie suspects were "inaccurate".

Security Council members reacted with disappointment and even anger to the repudiation of the deal, with UK officials branding it "obfuscation and prevarication". Libya would be given "a few days" to hand over the two men, the officials said.

The apparent collapse of the Arab League deal raised that estimate, with some sources predicting perhaps a dozen votes in favour of cutting air links to Libya, banning arms sales and imposing severe restrictions on Libyan nationals overseas, including diplomats.

ABC news of the US, a television news service, and journalist Mr Pierre Salinger were ordered yesterday by the High Court in London to hand over to British police video footage and sound recordings of interviews with the two Libyans charged in connection with the Lockerbie bombing, PA reports.

Two judges dismissed their challenge to a production order made at Middlesex Crown Court under anti-terrorist laws earlier this month and gave them until noon today to hand over the tapes.

ABC and Mr Salinger, its London-based chief foreign correspondent, had asked the judges to quash the "unlawful and unreasonable" order made by Judge Clarkson on the grounds that it was too wide-ranging and they had not been told the reasons relied on by Scotland Yard's anti-terrorist branch for obtaining it.

Mr Salinger visited the two Lockerbie suspects, Abdel Basset Ali Al-Megrahi and Lamen Khalifa Fhimah, in Libya shortly after they were indicted in the US last November for an alleged conspiracy to blow up Pan Am flight 103 over Lockerbie.

Mr Salinger warned the ruling could change ABC's policy on keeping material.

Japanese wage rises at lowest for four years

By Steven Butler in Tokyo

JAPAN'S leading industrial companies were yesterday near agreement on the lowest wage rises in four years in face of a severe decline in corporate profits.

In contrast to German companies' inability to resist wage demands, Japanese companies were able to keep the average rate of wage rises below 5 per cent, even though the labour market continues extremely tight.

The rate of increase in the steel, electric, car and shipbuilding industries should average about 4.8 per cent, against last year's 5.65 per cent. These agreements will set the pace for the rest of Japanese industry.

The accords bring near a close the annual *shunto*, or "spring offensive", as the wage talks are euphemistically known. It is a ritualistic struggle between management and labour that generally ends on a compromising note, despite much talk of strikes and demonstrations.

Mr Takeshi Nagano, president of the Japan Federation of Employers' Associations (Nikkeiren), praised labour's understanding of the tough business climate.

The Bank of Japan declined to make any comment on the settlements. The wage rises are unlikely to upset the bank's efforts to bring inflation under control, although it remains concerned about the long-term inflationary impact of Japan's structural shortage of labour.

Mr Geoffrey Barker, economist at Baring Securities, said the settlements were likely to lead to a rise in unit wage costs in the first half of the fiscal year when industrial output is expected to be sluggish. This trend should reverse in the second half, when recovery is expected to begin.

Mr Sogo Yoshimiya, an official at Rengo, Japan's federation of trade unions, said the unions were disappointed at the level of the wage settlement, but satisfied on the progress towards cutting working hours. Average annual working time last year, at 2,016 hours, was the highest in the industrialised world.

Electrical companies had agreed a target of 1,800 total working hours by next year, and holiday entitlements would increase immediately from 15 to 20 days after the first year of work.

As an extra measure to discourage excessive working hours, pay premium for overtime work would be increased from 40 to 45 per cent of the basic wage rate.

Settlements in the electric machinery industry will come to an average increase of 4.7 per cent, while workers in shipbuilding and heavy industries will enjoy a 5.05 per cent rise, reflecting brisk business in that sector.

Wage gains in the steel industry, hit by a drop in output, will be limited to 3.63 per cent.

Toyota Motor, Japan's biggest vehicle maker, has agreed a wage increase of 4.83 per cent, against 5.5 per cent last year.

Toyota's annual bonus will also be cut to an equivalent of 6 months' wages, compared to 6.2 months last year. Taking into account a special anniversary bonus, workers will receive a net bonus decreased by Y10,000 ($74.88).

In Toyota's case, a demand that the overtime premium be raised from 30 to 35 per cent more than the basic wage rate was rejected.

Working hours at Toyota last year came to 2,170 hours; the company said it would keep to plans to reduce this by 100 hours a year until it reached 1,900 hours.

Japanese trade unions generally emerge from the *shunto* looking fairly toothless. But historically, the Japanese workforce has benefited from consistent real wage rises and high job security.

Flexibility on wages has also helped their employers to endure difficult business conditions.

Atomic agency orders Iraq to destroy N-site

By Mark Nicholson, Middle East Correspondent

THE International Atomic Energy Agency (IAEA) has ordered Iraq to start destroying facilities at the al-Atheer site south of Baghdad, a complex which the agency says is central to Iraq's efforts to develop a nuclear weapon.

An IAEA-led team of United Nations inspectors will arrive in Baghdad on April 5 to supervise the dismantling, which will be among the biggest demolition jobs undertaken by UN teams overseeing Iraq's compliance with Gulf war ceasefire resolutions.

Mr Maurizio Zifferero, who is leading the IAEA and UN nuclear inspection efforts in Iraq, said by telephone yesterday that 12 or more buildings and their contents will have to be destroyed of what he called "the most important component in its development of an enriched uranium weapon".

The ordered destruction will be the most important test of Iraq's declared willingness to co-operate more fully with the UN after the dressing down received before the Security Council earlier this month by an Iraqi delegation led by Mr Tariq Aziz, the deputy prime minister.

The order follows four days of talks between the IAEA and Iraqi experts in Vienna during which officials from the complex and the Iraqi Atomic Energy Commission tried to persuade the agency that the al-Atheer site was used for civil purposes.

But yesterday the agency issued a statement saying that it remains convinced that al-Atheer was "designed for special processes needed for nuclear weapons development and manufacturing" and that its destruction should begin in April.

Mr Zifferero said that despite the Iraqi officials' resistance to destroying al-Atheer, there were nevertheless signs of greater willingness to co-operate with the UN since Mr Aziz's appearance in New York.

He also said that although the UN inspectors may still discover "some surprises" in Iraq's nuclear weapons programme, he was confident that the largest part of Baghdad's covert nuclear programme had been identified.

● An Iraqi delegation will open talks with UN officials in Vienna tomorrow on the possible limited resumption of oil sales to help meet Iraq's humanitarian needs, pay for UN weapons inspectors in Iraq and offer some compensation for victims of the invasion of Kuwait.

Iraq last year rejected a UN mechanism to permit the sale of $1.6bn (£920m) worth of oil for these purposes on the ground that it violated the country's sovereignty.

Most observers suggest that the latest round of talks are unlikely to provide any swift agreement by Iraq to resume oil sales. Iraqi officials have been quoted in recent days as saying they will not accept any mechanism which in its view interferes with its internal affairs.

UN inspectors head for their Baghdad hotel yesterday after overseeing destruction of Iraqi missile components

TURKISH FORCES RAID KURDISH REBEL CAMPS IN IRAQ

By John Murray Brown in Ankara

THE Turkish military yesterday mounted air raids on neighbouring Iraq, switching attention to rebel camps of the Kurdish Workers' Party (PKK), after five days of civil unrest in Turkish towns near the border.

Turkish military sources, quoted by the official Anatolian news agency, confirmed that bombing sorties were made early yesterday against two alleged PKK targets up to 18 miles inside Iraq near the Iranian border.

Mr Süleyman Demirel, the Turkish prime minister, warned this week that Turkey would seal the 170-mile border with Iraq to prevent incursions by the PKK, which is fighting for a separate Kurdish state in southern Turkey.

The raids yesterday mark a heightening in the conflict and coincide with the worst civil unrest in the eight-year Kurdish troubles. In further clashes in Turkey yesterday, six people were killed including two pro-government village militia near Diyarbakir, the provincial capital in the south-eastern region. Two policemen were shot in separate incidents in Adana, southern Turkey, and Ankara, the Turkish capital. Tanks and armoured personnel carriers were yesterday still deployed in a string of towns near the Syrian and Iraqi borders after clashes between security forces and demonstrators at the weekend left up to 60 people dead.

The Turkish government is to send a four-man delegation to the border area today to investigate the unrest. However Mr Demirel's coalition is under pressure from both the army and conservatives in his True Path party to continue to take a hard line against the PKK.

Politicians of the Turkish Labour Party (HEP) were yesterday said to be ready to withdraw from the coalition because of the government's failure to fulfil promises of human rights reform. Support from the 22 Kurdish HEP members was central to Mr Demirel's earlier promise of reforms aimed at winning over the Kurds.

Manila sees GNP growing 2.5%-3%

By Jose Galang in Manila

THE PHILIPPINE government projects gross national product this year to grow 2.5 per cent to 3 per cent, following zero growth last year.

Mr Cayetano Paderanga, economic planning secretary, yesterday briefed the policy-making National Economic and Development Authority, headed by President Corazon Aquino, on "signs the country is on its way to recovery".

Mr Paderanga said growth in the domestic economy in the last quarter of 1991 "turned slightly positive", against a 3.1 per cent third-quarter fall. Higher growth had come from increased public building activities, higher export receipts, and heavy industrial re-stocking.

Independent economists also expect increased spending in the first half of this year to fuel a consumer-led buoyancy. This could be bolstered by a rise in private-sector investments in the second half, especially with the lifting after June 30 of the 5 per cent import levy. But Mr Paderanga cautioned against complacency, citing the need for government to continue stabilisation measures by carrying on with its strict fiscal and monetary policies.

He also urged continuation of structural reforms in the economy. These include: completion of import liberalisation; privatisation and deregulation; broadening of the tax base and increased tax-collection efficiency; financial-sector reforms, and continued liberalisation of the foreign-exchange market.

● Moslem gunmen freed two Americans and two Australians from eight days' captivity in the southern Philippines, a spokesman for a Moslem rebel group involved in negotiations with the kidnappers said, Reuter reports from Manila.

Sharif Zain Jali, spokesman for the insurgent Moro National Liberation Front (MNLF), said by phone from the southern city of Zamboanga the four captives were unharmed and no ransom was paid for their release.

Australian and US embassy officials in Manila said they were checking the report but had not been able to confirm it.

Businessman proposed as Thai premier

By Victor Mallet and Peter Ungphakorn in Bangkok

A POWERFUL businessman and politician from northern Thailand who was refused entry to the US last year because of alleged links to heroin trafficking was proposed yesterday as the country's new prime minister.

Mr Narong Wongwan, a taciturn 66-year-old entrepreneur with interests in tobacco, logging and other agricultural industries, was chosen by a group of five pro-military parties which announced yesterday that they had formed a coalition following the general election on Sunday.

The choice of Mr Narong dismayed western embassies and the business community in Bangkok, although Mr Narong said he was proud to be entrusted with the premiership. "I'll do my best for the country," he told a news conference. "I will be decisive and fair in my job."

He brushed aside questions about drugs, and his associates said suggestions that Mr Narong was involved in the trade were unfounded and unfair.

Ms Margaret Tutwiler, of the US State Department, confirmed yesterday that Mr Narong had in July last year been denied a visa to the US under section 212 of the US Immigration Act. This section allows the US to deny visas to anyone known or believed to be involved in the illicit trafficking of controlled substances.

Mr Narong, a former agriculture minister and leader of two other political parties in the past, now heads the Samakki Tham (Justice Unity) Party, which was created last year with the approval of the armed forces after they overthrew the previous elected government in a coup d'état.

Samakki Tham was established to strengthen the influence of the military in parliamentary politics, and the party won the largest number of seats – 79 – in the election on Sunday. In order to achieve a majority in the 360-seat lower house of parliament, however, Samakki Tham decided to form an alliance with four other parties sympathetic to the military. The coalition is likely to be fragile.

Mr Narong, an elected MP, was apparently chosen by the pro-military parties as a compromise candidate in response to opposition among liberals and students to the idea of a non-elected, senior military officer being appointed by the outgoing junta.

The choice of Mr Narong puts the supporters of democracy in a quandary. "The Thai electorate has spoken," said one western diplomat yesterday. "If the leader of the largest party becomes prime minister, who are we to object?"

Mr Narong has yet to be confirmed by parliament or by King Bhumibol Adulyadej. Mr Samak Sundravej, leader of the Prachakorn Thai (Thai Citizens) Party, another coalition member, said a further two weeks would be needed before the first parliamentary session could be convened.

Haggling over cabinet posts may yet upset the coalition and the proposal to install Mr Narong.

Israeli poll shows swing to left for immigrants

By Hugh Carnegy in Jerusalem

AN Israeli opinion poll has shown a swing against the government of Prime Minister Yitzhak Shamir among the country's new immigrants from the former Soviet Union, whose votes could have an important bearing on the outcome of the general election in June.

Support for right-wing parties, including Mr Shamir's governing Likud and its erstwhile smaller right-wing coalition allies, has fallen to 27 per cent, against 35 per cent in January, the latest in a series of surveys of political preferences among immigrants, by the Jerusalem-based Tazpit Research Institute, shows.

Support for the left, the opposition Labour Party and its traditional allies, rose to 43 per cent from 30 per cent. The results contrast with the position in April 1991, when the same survey gave the right 46 per cent support, against 21 per cent for the left. Some 29 per cent of newcomers polled expressed no preference. The survey did not take into account support for immigrant parties which intend to contest the election.

The immigrant vote is likely to account for up to eight of the 120 seats in the Knesset. At the last election, Labour won 39 seats to Likud's 40. Mr Yitzhak Rabin, Labour leader, is looking to the Russian vote to tip the balance against the government. The apparent swing to the opposition among immigrants is attributed to the fact that 40 per cent are jobless.

Voters reduce Korean president's dream to ashes

John Burton reports from Seoul on winners and losers after Tuesday's parliamentary elections

PRESIDENT Roh Tae Woo can probably say good-bye to his dreams of transforming his Democratic Liberal Party (DLP) into a Korean version of Japan's liberal democrats – one, strong party that would dominate the political landscape and guarantee stable democratic rule.

Four months after President Roh was elected in 1988, the the opposition won a majority in the national assembly. In 1990, Mr Roh persuaded a fragmented opposition to join his Democratic Justice Party to form the DLP. Two of the three opposition parties joined Mr Roh, giving him control with a two-thirds majority. Now the DLP is in danger of disintegrating. He is virtually back to square one.

Mr Roh might have tried, had he retained his majority in parliament, to push through constitutional amendments that would change the political system into a parliamentary one with the legislature appointing the cabinet. This way, Mr Roh would have secured control over both the cabinet and parliament. South Korea now operates under a constitutional structure similar to the US, with a separation of the executive and legislative branches.

"The Korean people voted for a balance of power," said one Korean journalist yesterday in assessing the results.

Parliamentary control has slipped out of Mr Roh's hands for the second time in four years following the narrow defeat of the DLP in Tuesday's elections.

President Roh may still be able to salvage the situation. The DLP fell only one seat short of obtaining a majority in the 299-member unicameral parliament. That obstacle could be overcome if the president persuades some of the 21 independent representatives, most of them former DLP members who lost their party nominations, to support the government. Tuesday's outcome, nevertheless, remains an unexpected and humiliating defeat for President Roh.

Even if he is able to obtain a majority, Mr Roh's party may still break up. Opposition leader Kim Young Sam took his party into the DLP in 1990. He had hoped that in return, he would receive the party's nomination in the presidential election scheduled to take place in December. But the party's election defeat may cost Mr Kim, who ran the DLP campaign, the nomination and it could lead to the departure of his faction from the DLP.

Meanwhile, Mr Kim Jong Pil, the other opposition leader who joined the DLP in 1990, offered his resignation as one of the party's co-chairmen after his faction scored poorly.

The election vote reflected dissatisfaction over the economy, with the inflation rate predicted to reach 14 per cent this year. Allegations of a state smear campaign against an opposition candidate in Seoul and charges of vote rigging by the military may have reminded voters of the DLP's connections with the country's former military dictatorship.

While the DLP'S fortunes are waning, those for Kim Dae Jung, leader of the Democratic Party, the main opposition group, are on the rise. The impressive performance of the Democrats, who increased their parliamentary representation from one fifth to one-third with 97 seats, is likely to dampen talk that Mr Kim was becoming too radical for Korean voters.

The Democrats not only scored well in their stronghold of Cholla, the poor agrarian south-western region, but outpolled the DLP in Seoul, the most important electoral area in the country with a quarter of the national population. This should make Mr Kim a formidable presidential candidate in the December elections.

Perhaps the most surprising result of Tuesday's elections was the strong emergence of the Unification National Party (UNP). The party, established recently by Mr Chung Ju Yung, founder of the Korean conglomerate Hyundai, won 31 seats and an influential role in the assembly. The UNP obtained 17.3 per cent of the vote against 38.5 per cent for the DLP and 29.2 per cent for the Democrats, with the rest distributed among independent candidates.

The other big Korean conglomerates – Samsung, Daewoo and Lucky-Goldstar – are cautiously assessing the new political clout of Mr Chung and, by extension, Hyundai, the second largest business group, or *chaebol*, in Korea.

Mr Chung is campaigning for less government interference in business at a time when the state is trying to reduce the power of the *chaebol* by forcing them to shed some of their subsidiaries and to reduce the strong hold the founding families have in particular industrial sectors. Although the *chaebol* formerly benefited from government largesse, including cheap credit, officials now argue that the *chaebol* dominate the Korean economy too much, preventing competitive economic forces from operating efficiently. The government may now be forced to drop or scale down its *chaebol* reform programme.

Mr Chung might even be wooed by the Democrats to form a broad opposition front against the government. The two might be prepared to set aside their difference to form such an alliance. Democrats are strong supporters of trade union rights, while Mr Chung's Hyundai has had a reputation for acrimonious labour relations.

Mr Chung, who may also run for the presidency in December, said he was willing to co-operate with both the DLP and Democrats on individual issues.

A victorious Chung: willing to co-operate

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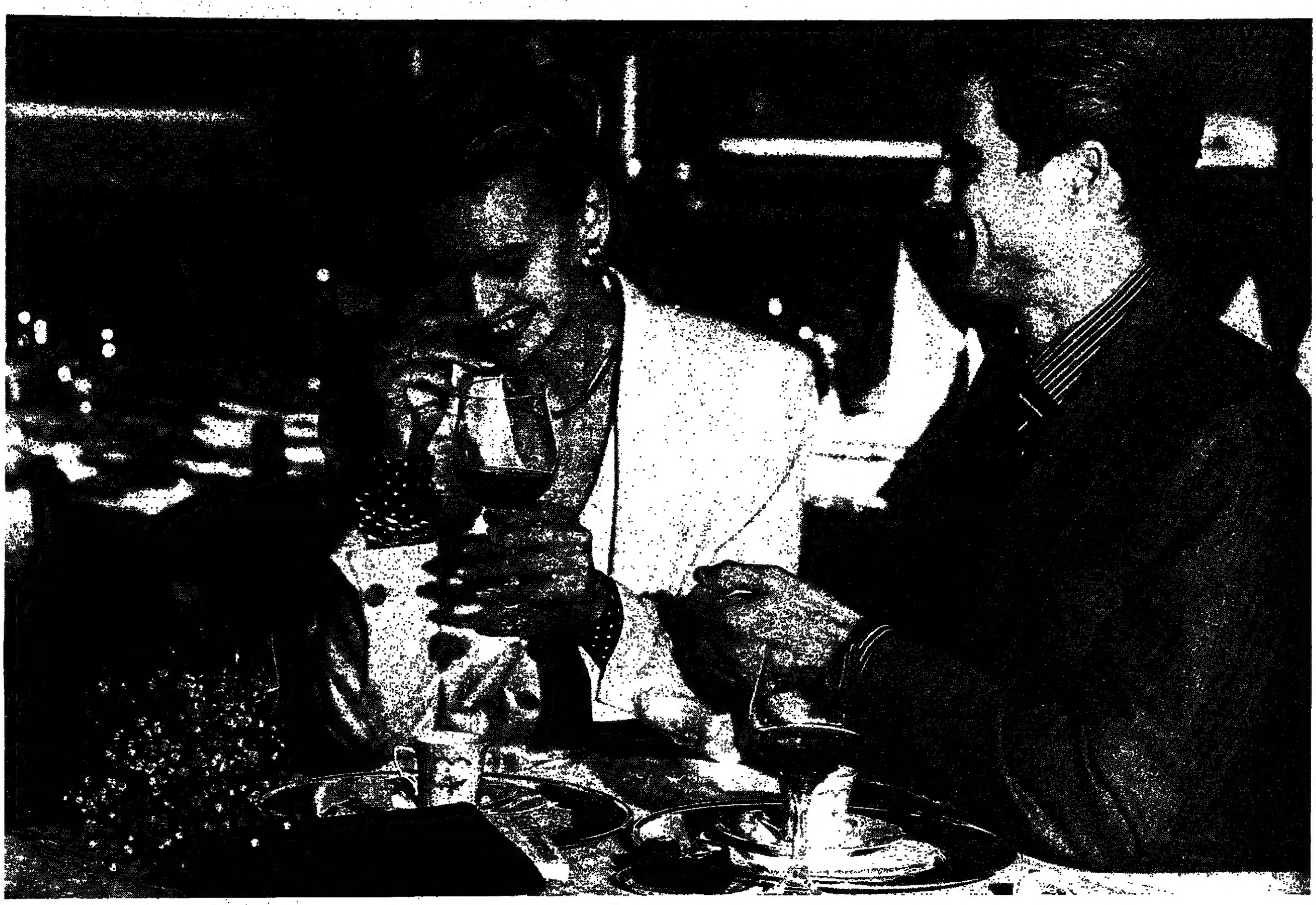

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Chicago set to embrace the gambling trade

By Barbara Durr in Chicago

CHICAGO, the ever-brash and competitive American city, may be about to duel with Las Vegas for the gaming trade. Mayor Richard Daley, abandoning his previous opposition to gambling, has embraced a controversial $2bn proposal for a city-centre casino and hotel complex.

The proposal was made by three of the US gaming industry's leading players: Circus Circus Enterprises, Hilton Hotels and Caesars World. Mr Daley's about-face on gambling came, he said, because of the reality of unemployment. The proposed complex would bring to the city an estimated $500m a year in tax revenues and create between 15,000 and 45,000 permanent jobs.

But many in Chicago oppose such a project because of the taint of corruption that has always accompanied gambling. They feel it would revive the city's former reputation as mecca of Al Capone-style organised crime.

The city has never entirely shed that fame and as the home of the US futures trading industry some argue it already has too many games of chance. If Chicago were to legalise gambling and allow the complex to be built, it would be the first major American city to do so. Las Vegas, considered the US gaming capital, was created from a sleepy desert town.

Stiff opposition to changing the state's restrictive gambling laws is already shaping up. Illinois Governor Jim Edgar, a Republican, whose support would be needed to pass the legislation, has made plain that he does not think more gambling is an appropriate way to finance government. Illinois currently has riverboat casinos, off-track betting for horse races and a lottery.

The three gaming and hotel companies, which are traded on the New York Stock Exchange, said they would privately finance the project in Chicago. Only one area can readily offer a site of sufficient size for the development. That location would bridge the central business district with the McCormick convention centre, just south of the city.

Reviving Argentina's entrepreneurial spirit

John Barham reports on a dearth of energetic venture capitalists after decades of stifling over-regulation

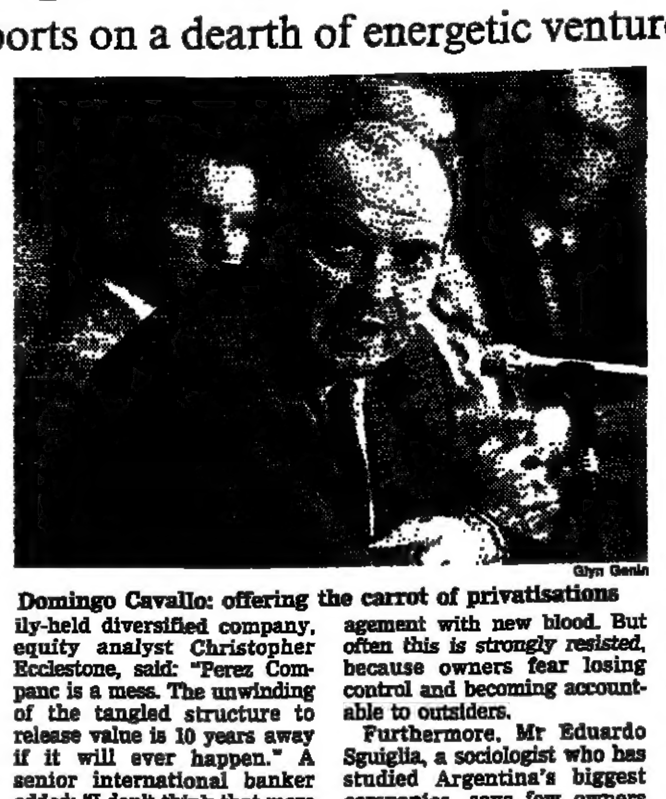
TO WORK, capitalism needs capitalists. But in Argentina, struggling to *establish a market economy*, the entrepreneurial spirit burns low.

In less than three years, President Carlos Menem has reversed the protectionism, statism and over-regulation that strangled Argentina for six decades. After slashing the public sector and establishing the rudiments of a free market, the "new Argentina" that he and energetic economy minister Domingo Cavallo want to build will increasingly depend on its capitalists.

While companies are not happy about facing foreign competition and losing government support, Mr Cavallo has given them a juicy carrot – privatisations. They are buying up the assets they helped build as government contractors.

Techint, a big family-owned industrial group active in privatisations, has been forced to practically split in two. "The old guard will handle traditional business in the traditional way. New business will be handled by younger people not contaminated by the old way," says a Techint executive.

All companies are grappling with similar changes, but not all will be successful. Describing Pérez Companc, a big family-held diversified company, equity analyst Christopher Ecclestone, said: "Perez Companc is a mess. The unwinding of the tangled structure to release value is 10 years away if it will ever happen." A senior international banker added: "I don't think that more than half Argentina's big companies will be around in a few years' time."



Glyn Genin

Domingo Cavallo: offering the carrot of privatisations

Nearly all Argentina's companies are family-held. To grow, they must raise equity capital – long term loans hardly exist – and infuse management with new blood. But often *this is strongly resisted*, because owners fear losing control and becoming accountable to outsiders.

Furthermore, Mr Eduardo Sguiglia, a sociologist who has studied Argentina's biggest companies, says few owners show great innovative zest.

Like many others, he is worried that the free market environment is allowing a few big companies to become too powerful. He criticises the government for not enforcing anti-trust legislation. Mr Cavallo says Argentina needs strong groups to survive in international markets. He is relying on imports and utility regulators to check their power. But Argentine bureaucrats have shown themselves notoriously inefficient and prone to corruption, and not all companies are in businesses subject to international competition.

For the time being, companies are keeping busy with privatisations. The government is selling all its enterprises, utilities and railways this year, and every company that can is making bids with foreign investors.

But the most dramatic change could come from smaller, more responsive companies that have already restructured. One such company is SICA, a small family-*owned electrical* goods company. It has tripled its investment budget to $1.5m in three years as sales have boomed. However, its vice-president, Mr César Wengrower, complains that "we need capital to grow, but there are no long-term loans".

Wealth is heavily concentrated. Mr Ecclestone says "the holders of capital are lazy. They do not want the risk of becoming venture capitalists. It is a rentier mentality; they want to be aristocrats. This outlook is dragging companies down."

Argentine industrialists are demanding an industrial policy, a euphemism for subsidies, import controls, devaluation and less taxation. Mr Cavallo is resisting demands that would mean the end of reform.

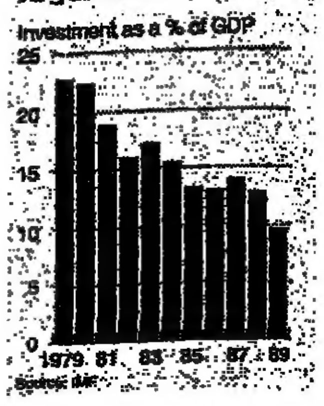
Undeterred, foreign investors are hunting for opportunities. They are attracted by strong economic growth forecasts, the scope for raising profits by improving the productivity of underperforming assets, and Argentina's well-educated work force and relatively sophisticated management. Executives who fled the upheavals of the 1970s and 1980s are trickling back from Europe and the US.

Capital markets are being reformed and have already expanded rapidly. They could grow even faster if about $50bn in offshore capital were repatriated. But only a small part of this flight capital has returned – mostly to the stock market, which boomed in 1991. Apart from privatisations, there have been few large industrial investments.

A leading US business consultant with years of experience in Latin America believes Argentina's greatest limitation is lack of ambition. "To really grow, they have to be competitive, entrepreneurial, aggressive. But the average Argentine is kind of middle class, who just wants to be an employee." He argues that except for low value-added primary industries, Argentina has few obvious sources of wealth and manufacturing industry lacks economies of scale.

Argentina

Investment as a % of GDP



However, stability and free markets may unleash pent-up creative energies. In the early decades of this century, Argentina was one of the wealthiest nations on earth: it had vibrant, energetic entrepreneurs. *But they were stifled by* the great depression and the decades of chaotic statism that followed. Perhaps their spirit can still be revived.

BNL-BCCI documents subpoenaed

By Alan Friedman in New York and Robert Graham in Rome

MR Robert Morgenthau, the federal district attorney for Manhattan who last year was the first US prosecutor to indict the Bank of Credit and Commerce International (BCCI) on fraud charges, has issued a subpoena to Italy's Banca Nazionale del Lavoro (BNL), demanding documents related to fund transfers between BNL and BCCI.

The move is believed to be the first concrete step by a US prosecutor to probe the series of unexplained financial links between the two banks.

Former officials of BNL's Atlanta branch were indicted last year in the US, with Iraqi government officials, in connection with the extension of more than $4bn of loans to Iraq, part of which helped President Saddam Hussein to finance the development of missiles, chemical weapons and a "Super Gun."

But the Atlanta-based prosecutors have been criticised in Congress for what has been seen as their "go-slow" approach to the BNL affair. Congressmen such as Mr Henry Gonzalez, chairman of the House Banking Committee, have alleged recently that the State Department acted in 1989 and 1990 to delay the BNL indictments, and to prevent key Iraqi and Jordanian suspects from being charged.

Mr Morgenthau's investigators, in the course of their work on BCCI, came across indications of financial links between BCCI and the BNL Atlanta branch. These are believed to include a BNL account that transferred funds to BCCI in the Bahamas, and the discovery of nearly $2.5bn of overnight money market transactions between BCCI's London, Abu Dhabi and Hong Kong branches, and BNL Atlanta.

BNL executives have denied any wrongdoing and are not considered the target of Mr Morgenthau's subpoena, issued in the last few days. Mr Pietro Lombardi, the head of BNL's New York branch, declined to take calls yesterday.

Members of the Italian parliamentary commission examining the BNL-Atlanta case have confirmed that Mr Morgenthau has subpoenaed documents in the BNL New York office which might relate to dealings with BCCI.

In Rome yesterday, this was seen as a significant move since Mr Morgenthau is acting independently of the main enquiry into the affair being conducted by Justice Department officials based in Atlanta. The parliamentary commission has taken the view that it has not received the full co-operation of the US authorities and that the Atlanta prosecution could be influenced by Washington to avoid embarrassing revelations.

The subpoena of the BNL New York office documents follows discovery of potential links between accounts held under the name of Oscar Newman and transfer to banks including BCCI. "The Manhattan attorney [Morgenthau] has recognised links between the account of Oscar Newman and the BCCI, and thus has at least competence for a small part of the BNL-Atlanta investigation," Mr Massimo Riva, vice-chairman of the commission, was quoted as saying.

Meanwhile, it has emerged that Italian security services have been called to investigate a mysterious break-in on March 10-11 at offices in Rome where the commission held sensitive documents on the BNL Atlanta affair.

US orders down

By George Graham in Washington

US DURABLE goods orders fell slightly last month, offering a warning that a full recovery may not yet be under way.

New orders for durable goods dropped by 0.1 per cent in February to $120.5bn, after two months when they had shown strong increases, the Commerce Department said yesterday.

Private sector economists had expected the increases to continue with a 1.6-1.8 per cent rise in February, but did not view the decline in the often volatile durable goods figures as evidence that the incipient recovery had halted.

Excluding the defence industry, new orders rose by a seasonally adjusted 1.3 per cent to $114.2bn, while shipments of durable goods in February climbed by 2.6 per cent to $116.2bn.

Evidence that a recovery might be under way came when the National Association of Realtors announced that sales of existing single-family homes had risen by 9.3 per cent in February, reaching a level 15 per cent higher than in the equivalent month of 1991.

"In most areas of the nation, the housing market appears to have settled on a course of recovery," said Mr Dorcas Helfant, association president.

Mexico announces clean-up campaign

By Damian Fraser in Mexico City

THE Mexican government has announced an ambitious scheme to force the capital city's industries to clean up, requiring them to cut emissions of some dangerous pollutants by 90 per cent in 18 months. The government will offer all of Mexico's industry 4,000bn pesos ($1.3bn) this year in subsidised loans to meet new environmental requirements.

The plan was announced as Mexico City was in its second week of emergency measures to reduce pollution. An additional 20 per cent of cars have been taken off the roads and more than 200 of the largest industries have been forced to cut production by 30 to 50 per cent.

These measures have helped reduce levels of ozone in the city by about one-third.

The latest scheme will force the capital's 220 largest industries to buy new anti-pollution equipment to reduce the quantity of suspended particulate matter by 90 per cent, nitrogen dioxide by 50 per cent, and industrial solvents by 10 to 15 per cent – all by mid-1993.

Among those affected will be subsidiaries of Dupont, ICI and Bechtel, which have been temporarily closed this week for non-compliance with previous standards.

Those industries that do not meet the new requirements will be closed.

Mexico City is home to some 30,000 industrial businesses, accounting for approximately 27 per cent of Mexico's industrial output. However, the largest 220 are responsible for more than half the fuel consumed and, by implication, for a similar proportion of the pollution emitted.

Many factories are decades old, have no pollution control devices, and emit dust and black smoke over residential areas. Government figures show some 95 per cent of the industries inspected fail to comply with existing environmental regulations.

However the latest measures include annual emissions inspections, an increase in numbers of inspectors, and an inventory of the worse polluters, suggesting implementation may be more effective than in the past.

While industry only accounts for 8.4 per cent of volume of pollutants in Mexico City (vehicle emissions making up most of the rest), it is responsible for 65 per cent of suspended particulates in the atmosphere - that is a sort of dry dust made up largely of industrial materials that permeates parts of the city and causes fatal respiratory diseases.

The World Bank, in a "back of the envelope study", estimated that Mexico City's abnormally high suspended particulates caused an average of 2.4 lost work days per person and 6,400 deaths every year.

The new measures have failed to satisfy some environmentalists, who were hoping for a tougher crackdown. The more pure-minded will complain that the government has not attempted to use market-based incentives (such as taxation) to reduce pollution, and is instead relying on traditional US-style blanket regulations.

Evidence from the US suggests that market-based measures can reduce a given amount of pollution at a lower cost than regulations.

An aura pierced by disenchanted Democrats

Jurek Martin finds Democratic front-runner Bill Clinton still dogged tenaciously by Jerry Brown

THE MOST important message out of the Connecticut primary on Tuesday is an old one: Americans are fed up, disenchanted, underwhelmed, unimpressed, both with the state of their lives and with the choices offered to them by this year's crop of politicians.

Thus the Democratic voters of the nutmeg state marginally preferred a man who has almost no chance of becoming president over one generally conceded at least to be in there with a shout.

Likewise, the Republican electorate withheld one-third of its votes from the man who is president, the son of a former senator from Connecticut, and who was to all intents and purposes unopposed. Both sides of the political aisle did not vote in droves.

No matter what gloss his spin doctors put on Connecticut – and there is plenty that can be imparted – Bill Clinton, the governor of Arkansas, lost most by succumbing to Jerry Brown, ex-governor of California, in Connecticut.

The burgeoning aura of invincibility about his candidacy has been thoroughly punctured, before much larger audiences in rough-and-tumble New York and frequently fickle Wisconsin can pass judgment two weeks hence.

The ruthlessness of Mr Brown's campaign against Mr Clinton, focusing heavily on questions over the front-runner's character, paid dividends. Nearly half Connecticut's Democrats, the highest percentage in a primary so far, said they did not trust Mr Clinton, who has argued that, the more voters get to know him, the less these doubts matter.

There were particular factors in Connecticut. Mr Paul Tsongas from neighbouring Massachusetts, though he pulled out of the race last week, scored 20 per cent of the vote. Had he stayed in, according to exit polls, he would have won. His disappointed supporters seem to have taken it out on Mr Clinton.

Connecticut also has a history of knocking leading candidates sideways in the immediate wake of the big midwestern primaries. In 1980, it preferred Senator Edward Kennedy of Massachusetts to President Jimmy Carter, who had just easily won Illinois, and in 1984 it went for Gary Hart over Walter Mondale, who had done likewise.

Both Mr Carter and Mr Mondale went on to the nomination, but both continued to suffer later primary losses, including in California, and both lost the presidential election. In 1988, Mr Michael Dukakis lost Illinois and Michigan but recovered to win Connecticut and then New York.

The Clinton camp also makes the point that little scrutiny has been devoted to what Mr Brown is actually proposing, but a lot to what and whom he is condemning. So it promises to take him and his sketchy policies head on, in New York and Wisconsin, rather than begin to lift its sights to the ultimate battle with President George Bush.

This will not be easy. New York is a political minefield, replete with the sort of religious, ethnic and social divisions and underclasses that Mr Brown is adept at exploiting. Mr Clinton's relationship with Governor Mario Cuomo of New York also leaves a lot to be desired.

Already the New York media, particularly the tabloid press, have the knives out for Mr Clinton and his wife, considering him some out-of-town hick unworthy of the big league.

Mr Brown is in his element as leader of "us" against "them", which he portrays as a shady, corrupt political hierarchy that thinks it knows best. He is beginning successfully to paint Mr Clinton as the candidate of that establishment.

He has also been here before. Back in 1976 he entered the race late, nakedly to stop Jimmy Carter, and proceeded to win five of the last six primaries, including California. But then his deficit in the delegate count was too great a handicap, as it very probably is this year.

What Mr Clinton probably has to do is to drive home to Democrats that Mr Brown simply cannot win in November. He might use in evidence, for example, an excellent new book by two professorial brothers, Earl Black of the University of South Carolina, and Merle Black, from Emory University in Georgia. They point out that, in five out of the six post-Great Society campaigns, the Democratic candidate has done so poorly in the south that unattainable majorities of between three-fifths and two-thirds in the north were needed to win the presidency.

The exception was 1976, when the candidate, Jimmy Carter, was a southerner, as is Mr Clinton. The Super Tuesday primaries in the south this month showed no regional interest in Mr Brown.

This argument undoubtedly appeals to party leaders, who may now rally round Mr Clinton more publicly than they have so far or, more privately, begin to contemplate alternatives. But New York and Wisconsin are certainly not southern and are capable of thumbing their noses at the party establishment.

These are, therefore, tricky times for Bill Clinton. One very prominent Washington Democrat described him this week as a man with six javelins already embedded in his flesh. The seventh might kill him, he said, or prove he has developed an immune system.

Connecticut primary results

	Jerry Brown	Bill Clinton	Paul* Tsongas	Pat Buchanan	George Bush
Connecticut	37%	36%	20%	22%	67%
Delegates won Tuesday	21	22	10	0	35
Delegates won to date	150	987	439	46	750

*Has withdrawn from race

Total Democratic delegates 4,288 Total Republican delegates 2,209

Citroën drops plan for Namibia car plant

By William Dawkins in Paris

CITROEN has shelved plans for a Rand 200m (£40m) car plant in Namibia after failing to agree with the government the amount of components it must buy locally.

The setback, four years after feasibility studies started, reflects a perennial problem in negotiating terms for car production in third world countries, said the French car maker, part of the Peugeot group.

Namibia is part of the Southern African Customs Union (Sacu), which sets strict rules on local content. At least 75 per cent of components must originate from Sacu, which embraces South Africa, Namibia, Botswana, Lesotho and Swaziland. Citroën says this is too high and that it needs the freedom to import more components.

Mr Anton Von Wietersheim, Namibia's trade and industry minister, said South Africa's 110 per cent import duty on cars also weighed on Citroën's decision. "The influence of Sacu on industrialisation in smaller countries is a negative one because many of the regulations are protective of the South African existing industries," he said.

Citroën is still in contact with the Namibian government. This was not the first time the group had encountered a developing country which had an unrealistic idea of its capacity to supply a western car company, said an official.

Local content formed a central part of separate talks with the Chinese government on a car assembly plant in central China, where Citroën is due to sigh a final agreement shortly.

To increase the level of local content there, 26 mainly French components suppliers have agreed to set up joint ventures with local partners.

This strategy, however, appears less appropriate in Namibia, where Citroën has focused its negotiations on trying to reduce the level of local content required.

Dismay at US stance in Gatt talks on services

By Frances Williams in Geneva

THE threat by the United States to withdraw large chunks of its services sector from multilateral fair trade rules met an angry response yesterday from trading partners in the General Agreement on Tariffs and Trade (Gatt).

The European Community said on Monday the US move set back the chances of reaching agreement on liberalising trade in services in the Uruguay Round of global trade talks and would make it more difficult for the EC to compromise on farm subsidies, still the central issue blocking completion of the Round.

At yesterday's meeting to review progress in the detailed country-by-country negotiations on liberalising services, other nations joined the EC in expressing dismay at the US position.

The US says it will refuse to guarantee access to maritime transport, civil aviation, financial services and basic telecommunications on a "most-favoured-nation" basis – equal treatment for all trading partners – unless other countries come up with better offers to open their services markets to foreign suppliers.

Defending Washington's stand, Mr Rufus Yerxa, US ambassador to Gatt, said the US wanted a successful services agreement but that market-opening offers by trading partners were not sufficient to ensure a balanced accord. The US argues that the US services market is basically an open one, so that guaranteeing MFN treatment to trading partners will freeze its market open and those of other countries shut.

However, Mr Yerxa made it clear that the exemptions the US is seeking for maritime transport and civil aviation were not negotiable. Sweden was among those countries which said that if shipping was not to be part of the services liberalisation accord it would have to review its own offer. Shipping is also a key area for Japan, and for EC members such as Greece.

Trade officials fear the US tactics may backfire, leading to a withdrawal of market-opening offers already made rather than making countries more forthcoming. The mood yesterday was pessimistic. Little progress has apparently been made in recent days in bilateral talks, with both the US threat on services and the continued impasse between the US and the EC over farm subsidies holding back final concessions.


Rufus Yerxa: inadequate offers by trading partners

The next stock-take on services has been fixed for April 3. Gatt members have set an Easter deadline for finishing the Round as a whole.

Mr Yerxa denied that the US was being more restrictive than other countries in its services proposals. The EC has said it too might need to take MFN derogations if other countries' offers were not improved. Of 21 Gatt members presenting MFN exemption lists, 11 included exemptions for financial services, 14 for maritime transport, 10 for audio-visual services and 5 for telecommunications.

EC fears US steel trade clash

By David Buchan in Brussels

THE prospect of failure to negotiate a new multilateral code for the steel trade by the March 31 deadline is causing concern in Brussels, which fears a rash of US anti-subsidy complaints against EC imports after that date.

In autumn 1989, the US and the EC undertook to phase out so-called "voluntary restraints" on steel imports by March 31 this year, provided a code under the Gatt could be worked out to prevent subsidies distorting trade in steel.

There is now no hope of getting such international discipline agreed in Geneva by next Tuesday.

The Community hopes for political agreement to prolong talks on the steel code, but is fearful of pressure by US steel companies on the Bush administration in this US election year to maintain some form of protection.

The EC is a net exporter of steel to the US, with 7 per cent of the US market.

After the US "voluntary restraints" or quotas on EC steel expire next week, Brussels fears US steel-makers may ask Washington to impose countervailing or anti-dumping duties on EC imports.

Peru tightens up on import cheats

Sally Bowen reports on efforts to cut corruption and inefficiency

PERU has turned to four European companies to spearhead a drive to improve foreign trade efficiency and increase revenue from customs duties. The new import-supervision scheme aims to end the widespread practice of undervaluing goods to avoid duties.

A new law requires importers bringing in consignments worth more than $5,000 to arrange pre-shipment inspection and certification.

The Geneva-based Société Générale de Surveillance (SGS), with nearly 30 years' experience in Peru, expects to capture much of the new supervision business. The three other companies to win authorisation from Sunad, the Peruvian customs authority, are Specialist Services International (SSI) of Britain, Cotecna of Switzerland and Bureau Veritas of France.

The costs of the new system – a maximum of 1 per cent of fob (free on board) value, and 0.5 per cent for commodities – are borne by the importer. While this is lower than the 1.2-to-1.8 per cent normally charged on higher-volume operations in other countries, Peruvian importers are grumbling. "But," says Mr Ricardo Tirado of SGS, "they'll soon realise that we can be more of a help than a hindrance."

Although about 85 per cent of SGS business worldwide is with the private sector and international organisations (they supervise, for example, virtually all food aid to Peru), the company has around the world about 25 contracts similar to Peru's. Their Peruvian operation employs more than 200 people, but only in a co-ordination capacity. All physical supervision is carried out at point of origin, either at factory or port.

SGS's reputation in Peru grew between 1987 and 1989, when the government contracted them to combat capital flight. Local businesses, blocked from remitting profits legally, regularly over-valued both imports and exports, taking advantage of a complex differential exchange rate system.

Poor co-ordination between the authorities in such a complex system encouraged illegal double invoicing – one copy for the central bank and another, much lower, for customs purposes. The SGS payroll for the period swelled to almost 800, and the company says its supervision saved Peru $200m in two years.

In newly liberalised Peru, the focus of the problem has shifted. Anyone may now import anything, profits can be freely remitted and foreign exchange is readily available. The central bank is no longer a significant participant in capital inflow and outflow.

However, evasion of duties and taxes is widespread. While almost 90 per cent of imports entering Peru pay only 15 per cent, the fob invoice triggers a cascade of other internal taxes, making under-invoicing attractive. And with a fiscal deficit which could reach 4 per cent of GDP this year, the government is seeking to close as many loopholes as possible.

Customs duties bring in around $90m a month on legally declared imports of around $3bn, but officials believe the real imports total could be above $5bn. Spot checks have revealed merchandise is often declared at only a third of its real value.

"We can't really tell what has been going on for the past couple of years," says Mr Tirado. "But we've heard plenty of hair-raising gossip about some particularly scandalous cases." Officials believe that underpaid customs officers and profiteering customs agents have made a lucrative living from turning a blind eye to sharp practice.

SGS points to Indonesian experience, where supervision dramatically cut disembarcation time, pushed-up customs revenue and ultimately saved importers around a fifth in costs.

Poland fails to take up loans

By Christopher Bobinski in Warsaw

POLAND has made minimal use of $8.1bn (£4.68bn) of western government-guaranteed credit lines promised since the autumn of 1989, according to a government report. This includes loans from the World Bank and other international financial institutions.

The report by the Central Planning Office (CUP) says that, as of last January, concrete agreements had been signed with Poland for loans of $5.4bn. At the same time, Polish banks acting as a conduit for the funds had actually agreed to lend $1.7bn. However the actual sum used by Polish lenders in the last two years is $524.2m including a $300m World Bank structural adjustment which went to strengthen foreign currency reserves.

The CUP report blames Poland's recession for the failure to take up credits as well as high domestic interest rates which have increased local investment costs. Polish banks, CUP says, are ill-equipped to handle loans and are unwilling to take lending risks.

In addition, CUP points out that strings attached to loans by western governments make it difficult to find borrowers who fulfil the right requirements. The World Bank, which is committed to provide $2.2bn in 12 projects, has seen some $400m used. This performance is "average" in the World Bank's experience given that half of the value of the loans was agreed only recently.

Western governments have signed actual agreements with Poland to provide credits worth $3.7bn of the $5.5bn promised. However a mere $109.8m has actually spent on imports by Polish companies. Austria for example has offered to provide $435m of which a mere $23m has been committed in the form of guarantees for Austrian hotel construction projects. Germany, another major Polish trade partner, has seen $38.1m of the $1.6bn offered in trade credits actually used.

KLM unveils plans to expand flights network

KLM Royal Dutch Airlines yesterday unveiled detailed plans to increase the number of its round trip flights in Europe by 25 per cent this summer and to expand its fleet of aircraft, AP-DJ reports from Amsterdam.

KLM has previously outlined in general terms a three-year expansion plan that the Dutch air carrier hopes will eventually win it 15 to 20 per cent of the European market.

KLM said that it will increase the number of its European round trip flights to 1,000 per week from the current level of 800. The Dutch flag carrier also said it would revamp its schedule at Amsterdam's Schipol airport to make its home base act increasingly as a hub airport.

To accommodate the expanded European schedule, KLM said it would deploy three new Boeing 737-400s of which the airline has taken delivery since the summer of 1991.

In addition, KLM will lease a total of six Fokker F-100s from Air Littoral of France by the end of the year. As part of the lease agreement, Air Littoral will also supply cockpit and cabin crews, and these aircraft will be used to serve French-speaking destinations.

Securities house wins £14m in Ferranti case

By Raymond Hughes, Law Courts Correspondent

SMITH New Court, a London securities house, has won about £14m compensation for the loss it incurred on Ferranti shares it bought for £23m in July 1989 – two months before the discovery of a fraud on Ferranti nearly halved its share price.

The High Court held yesterday that the bid price for the 28m shares by Smith New Court (SNC) had been induced by fraudulent misrepresentations by Mr Christopher Roberts, then head of private banking at Citibank, part of the US Citicorp group.

Mr Roberts had falsely told SNC it was competing with two other bidders, said Mr Justice Chadwick.

SNC was awarded £10,764,005 damages against Citibank, plus interest it later calculated at around £4m, and a substantial part of its costs. Citibank was given judgment with costs against Mr Roberts for the same amounts.

SNC's claim against Scrimgeour Vickers (Asset Management), the marketmaking arm of Citibank which acted as broker for the share sale, was dismissed. The judge held that SVAM, of which Mr Roberts had been an executive director,

Christopher Roberts

had not been responsible for his misrepresentations.

Last year Mr Roberts was acquitted on criminal charges of making false and misleading statements to induce SNC to buy the Ferranti shares.

After yesterday's judgment Mr Michael Marks, chief executive of SNC, said he was delighted with the outcome.

Mr Justice Chadwick said SNC bought the shares in Ferranti International Signal on July 21, 1989. SVAM had been acting on the instructions of Citibank, to which the shares had been charged as security for a loan to Parent Industries, a company owned by Mr James Guerin. Parent had defaulted on repayment of the loan.

Shortly after SNC bought the shares the share price dropped sharply when it was discovered that Ferranti had been the victim of a serious fraud. When SNC sold the holding it made a loss of £11.5m.

The judge said SNC alleged Mr Roberts had told it he had received two other bids and would disclose the identities of the other bidders after SNC had made its own bid. After SNC had bid 82p per share he had told it that Citicorp had bid 75p-77p and Aeritalia, a state-owned Italian defence company, 81p.

In fact there had been no such bids, but those representations by Mr Roberts had had the effect he intended: SNC had been induced to remain a willing buyer at 82p, and that had led to a bargain being struck at which SNC paid 82.25p per share.

"It is inconceivable that SNC would have remained willing to acquire the Ferranti shares at 82p per share if two competing bids had not been disclosed. If Mr Roberts had not told the SNC directors that he had received firm bids - and had not told them the amounts which had been bid - the SNC bid would have been withdrawn," the judge said.

Research group urges overhaul of pensions act

By Norma Cohen, Investments Correspondent

A PENSIONS act preventing employers from securing pension fund surpluses for their use and giving control over the fund to beneficiaries' representatives has been urged by the left-of-centre Institute for Policy Research.

The report addresses the thorniest question currently before lawmakers considering pensions legislation: whether a pension fund surplus is the property of the employer or of the scheme's members.

The institute report concludes that employers' arguments that they are entitled to recoup surpluses because they are liable to make good any deficit is a "rationalisation of the employer's understandable wish to control the fund".

Under most scheme rules, employers have the right to cease their contributions at any time whatever the financial state of the pension fund, the report notes. Provisions contained in the 1990 Social Security Act which require employers to make good deficiencies when a pension fund is wound up have not yet gone into effect.

Even these, the report notes, may be ineffective because a financially beleaguered employer may simply cease contributions and not wind the fund up until there is little choice in the matter.

The institute report, Locking the Stable Door, urges that in return for surrendering their right to use surpluses built up in pension funds, employers contributions should be defined and limited. Employer and employee contributions should be a binding matter to be renegotiated periodically

Meanwhile, making up shortfalls would be a matter to be negotiated between employers and beneficiaries, with contributions of both to be increased or benefits paid to be reduced.

Extension to tube network in doubt

By Jimmy Burns and Ralph Atkins

THE future of a £1.3bn extension of the London underground network could be jeopardised if Olympia & York (O&Y), the project's main private backer, cannot come up with its share of the money, the Department of Transport said yesterday.

The planned extension to the Jubilee Line from central London to the Docklands depended on a £400m contribution by O&Y to the cost of the project.

Transport officials warned yesterday that ministers would have to reconsider the entire project if the contribution was not made.

Mr John Prescott, the Labour Party's transport spokesman said the project was "going to be thrown into the hands of the public sector because the private sector has failed to live up to its agreement."

O&Y agreed to help finance the project because it would dramatically improve links to Canary Wharf, the company's high-rise office development in the Docklands. It was due to make its first contribution to the project of £40m at the end of this month with another £60m due at the end of March next year. The balance of £300m was due by 1996, when the extention was due to be completed. The government was expected fund the rest of the project.

The scrapping of the project could have far reaching consequences for the development of docklands and be a major disappointment to the construction industry which was hoping to receive a timely boost from the contracts linked to the extention of the line.

Sources close to the project believe the financial problems facing O&Y make it likely that the next government could face a politically difficult choice: to increase its own share of the financing of the project, or modify the plans for the extention with a less costly plan.

The extention has the strong backing of a number of businesses operating in south London, including the US investment bank Morgan Stanley which is the biggest tenant occupying the Canary Wharf development in Docklands.

BRITAIN IN BRIEF

Engineering output suffers in recession

The engineering industry is yet to reap any productivity gains from the recession, in spite of the severity of the downturn which is expected to dog the industry for most of the rest of this year, according to a report published by the Engineering Employers' Federation (EEF).

The report declares that, in spite of the loss of 165,000 jobs from the industry during the past year, productivity growth in the engineering industry will remain at its 1989 level until 1993. That is in marked contrast to the recession of 1980 to 1981, when engineering productivity grew during the recession and surged as the economy emerged from it.

Ferry survivors to sue Lloyd's

Survivors and relatives of the 158 people who died in the blaze on the Scandinavian Star ferry in 1990 say they will sue Lloyd's Register of Shipping which, they say, last checked the vessel's safety. "So far 150 have said they will sue Lloyd's Register," said a lawyer representing survivors and relatives. Lloyd's would be summoned to court in Florida.

A Lloyd's spokesman said the firm was checking to see if and when any safety certificate was issued.

Scots 'escape' downturn

Scotland is escaping the worst effects of the recession but there is unlikely to be any real sign of recovery in the Scottish economy in the first half of this year, and very little growth in the year as a whole.

The Fraser of Allander Institute of Strathclyde University, Scotland's main economic study organisation, claims Scotland has been affected much less than southern Britain by high interest rates, partly because Scots borrowed less in mortgages. Between 1980 and 1989 the ratio of mortgage advances to income rose 19 per cent in Scotland, compared with a rise of 41 per cent in the south.

Companies seek tax incentives

Engineering companies need an improved tax climate to help them compete with manufacturers in Europe, Japan and the US, according to Mr Nigel Chubb, chief executive of the Engineering Employers' East Midlands Association.

Commenting on the latest report of industry trends he added that a tax climate "which does more to encourage investment will be paramount from the new government." His remarks came as the industry prepares to climb up from the bottom of the recession. Signs of an upturn will increase during 1992, he added.

Mobil fined for oil spills

Mobil, the UK arm of the US oil company, has been fined £40,000 after admitting responsibility for three oil spills which killed fish and birds and created slicks up to three miles long. Mobil admitted six charges of allowing pollution to spill from the UK's fifth-largest refinery at Coryton, Essex.

Decline in hotel occupancy

Room occupancy at English hotels last year fell to its lowest level since 1982, according to a survey carried out for the English Tourist Board.

Although early returns this year suggest some improvement, Horwath Consulting, which carried out the survey, said it would be some time before the industry returned to the high levels of occupancy achieved in the late 1980s.

Mr Geoff Parkinson, a director of Horwath, said: "Unfortunately, with the hotel industry's high level of fixed costs, continuing occupancy at these low levels will inevitably lead to further bankruptcies."

BBC union votes on strike

The British Broadcasting Corporation's biggest union is to ballot its 14,000 members at the organisation on a one-day strike over job cuts.

The BBC has lost 2,000 jobs in the last four years and the Broadcasting, Entertainment, Cinematograph and Theatre Union union expects further large-scale cutbacks.

Picture profit

A small landscape by the French artist Dominique-Paul Peyronnet sold for £89,100 at Sotheby's auction of Impressionist and modern art yesterday. It had carried an estimate of £1,000-£1,500.

Rover Group overhauls marketing

By Gary Mead, Marketing Correspondent

ROVER GROUP yesterday announced plans for a new marketing strategy which could spearhead a radical overhaul of the way UK companies use advertising agencies.

Almost all Rover's marketing services will now be handled by a new agency set up specifically to promote the motor manufacturer.

The company said its decision to jettison some 30 different marketing and advertising agencies in favour of one agency was driven by the need for a fully integrated service.

It said the move would result in savings of perhaps 10 per cent of Rover's marketing budget, which, globally, is estimated at some £100m annually.

The move to place Rover's marketing services in the hands of one agency has caused ripples throughout the advertising world; the BSB agency (part of the Saatchi group) had been Rover's main agency and will lose revenue of some £30m annually, retaining only Land Rover UK's advertising for the time being.

Mr Kevin Morley, managing director of Rover Marketing and a long-standing group executive, was named yesterday as chairman of the agency – the Kevin Morley Group (KMG).

Mr Morley will retain his non-executive membership of the Rover board.

Rover's decision to contract out its marketing and advertising to a senior former employee follows a move in January this year, when Mr Royden Axe, a leading designer, retired from Rover to start his own design company – Design Research Associates (DRA). One of DRA's major clients is Rover.

The first advertisements of a new national campaign promoting Rover's Metro range were launched yesterday , some two months after KMG was first planned.

Mr George Simpson, chairman of Rover Group, said yesterday: "By concentrating all of our marketing through Kevin Morley Group we are building a long term relationship with a team of highly skilled people dedicated to understanding the image needs of Rover. We will also achieve significant savings and substantially reduce much of the costly administration previously required..."

However, KMG – which has a five year contract with Rover – will shortly be making further announcements of new business apart from the Rover account. The anxiety of the advertising industry is that, should KMG prove successful with Rover, other large advertisers may follow suit and demand lower cost marketing services. While many advertising agencies in the UK promote themselves as being able to offer a fully integrated service, few can do so under one roof.

Marketing, Page 13

Japanese car makers 'to increase market share'

By Kevin Done, Motor Industry Correspondent

JAPANESE car makers are likely to increase their share of the UK new car market to 18 per cent by the end of the decade from 11.8 per cent in 1990, according to a report published by Euromotor, part of the the UK-based Ludvigsen automotive analysts.

Ford the present market leader, will be the main loser in the UK during the 1990s says the study: *Europe in the Firing Line*. Ford's share of the UK new car market, which is already under heavy pressure, will decline to only 21 per cent by 1999 from 25.8 per cent in 1990, it adds.

In an overall UK market which is expected to grow to some 2.5m in 1999 from 2.0m in 1990 and 1.6m in 1991, the report suggests Japanese new car sales will jump to 450,000 in 1999 from 236,000 in 1990.

The report claims Japanese car makers will have established a total production capacity in west Europe for 1.19m cars by 1999, of which the lion's share will be located in the UK. In addition Japanese vehicle makers will raise their annual commercial vehicle production capacity in Europe to 518,000 by 1999.

Expecting a bigger share of the road: new Nissans are checked before delivery

It forecasts that Nissan will have increased total car making capacity at its Sunderland plant in north-east England to 400,000 by 1999, while the capacity of Toyota's plant at Burnaston, near Derby will have been raised to 300,000.

Publicly Nissan has only disclosed plans for a capacity to build 300,000 cars a year, while Toyota's publicly announced plan to date is for a capacity to build 200,000 cars a year by the second half of the 1990s.

Overall the Euromotor study suggests that Japanese new car sales in west Europe will grow more slowly than widely feared by European car makers. It forecasts that Japanese car makers' share will expand to 15.3 per cent by 1999 from 11.7 per cent in 1990.

The main gains will be made in the previously restricted markets of Italy, France, Spain, Portugal and the UK. The Japanese share of the Italian market is expected to jump to 8.9 per cent from 2.0 per cent in 1990, while their share of the French new car market could rise to 9.0 per cent from 3.3 per cent.

The main loser in Europe is forecast to be the Fiat group, which is highly dependent on its domestic Italian market. Its overall share of the west European market is expected to fall to 11.3 per cent in 1999 from 14.2 per cent in 1990, relegating it from second to fifth place behind the VW group, General Motors (Opel/Vauxhall), Peugeot, which includes Citroën, and Ford.

Europe In The Firing Line - Coping With The Challenge of Japanese Cars And Trucks, Euromotor Reports, 105/106 New Bond Street, London W1Y 9LG. UK price £1,450.

NOTICE OF MEETING OF BONDHOLDERS

To the Holders of

Commercial Mortgage-Backed Bonds, Series 1986-1

9¼% Sinking Fund Bonds Due February 1, 1996
9⅝% Sinking Fund Bonds Due February 1, 1998
Zero Coupon Bonds Due February 1, 2006

of

Mutual Benefit Overseas, Inc.

NOTICE IS HEREBY GIVEN, in accordance with the provisions of the Indenture dated as of February 1, 1986 (the "Indenture") and made between Mutual Benefit Overseas, Inc. ("MBO") and Citibank, N.A., as Trustee, relating to the above-captioned Bonds (the "Bonds"), that a meeting (the "Meeting") of the holders of the Bonds (the "Bondholders") will be convened by Marine Midland Bank, N.A., as successor trustee (the "Trustee") under the Indenture, on April 15, 1992, at 1:00 p.m. London time, in the Orchid Room of the Dorchester Hotel, Park Lane, London, England, for the following purposes:

1. For the reporting by the Trustee and its legal, accounting and other professional advisers on certain financial and legal matters in respect of the Bonds and the Trust Estate securing payment of the Bonds.
2. For the taking of any action authorized to be taken by or on behalf of the Bondholders under the Indenture or under applicable law. (Capitalized terms used but not defined in this notice shall have the respective meanings ascribed to such terms in the Indenture.)

ATTENDANCE AT THE MEETING

Pursuant to the terms of the Indenture, only persons qualified to vote at the Meeting, representatives of MBO, representatives of the Trustee, and the respective counsel to the foregoing persons, will be admitted to the Meeting. Members of the public at large and members of the press will not be admitted.

VOTING AND QUORUM

1. A Bondholder who wishes to attend the Meeting in person must (a) produce at the Meeting either his Bond (or Bonds), or a valid original Ownership Certificate (as hereinafter defined) relating to his Bond (or Bonds), or (b) arrange for CEDEL or Euroclear to advise the Trustee of his ownership of Bonds and intention to attend the Meeting, all as provided more fully below. Ownership Certificates may be issued by the Trustee, at the location specified below, or by each of the Paying Agents listed below (the "Agents"), or, on a form available from the Trustee and the Agents, by any trust company, bank, depository or Luxembourg Stock Exchange member firm, in each instance satisfactory to the Trustee (an "Authorized Person").
2. A Bondholder who does not wish to attend the Meeting in person, but who does wish to be represented by counsel at the Meeting, or that votes be cast at the Meeting in respect of the Bonds which he holds, must deliver his Bond(s) or Ownership Certificate(s) to a person whom he wishes to attend and vote at the Meeting on his behalf, along with a written statement (an "Authorization") authorizing such person to vote in respect of the Bonds listed in the Ownership Certificate, which Authorization must be signed by the Bondholder and accompanied by a signature guarantee by the Trustee, an Agent, or an Authorized Person.
3. In order to obtain an Ownership Certificate, a holder of a Bond in bearer form must (a) no later than two business days prior to the date of the Meeting, deposit his Bonds with the Trustee or an Agent, or (b) deposit his Bonds with an Authorized Person, if not already so held, and obtain the signature of such Authorized Person, by an appropriate officer thereof, on a fully completed Ownership Certificate in the form available from the Trustee and the Agents. Bonds so deposited or held may be returned to the Bondholder upon the earlier of the termination of the Meeting (or, if relevant, at the termination of the last adjourned session of the Meeting), and the surrender of the original Ownership Certificate(s) issued in respect thereof to the person that issued the Ownership Certificate. A telefacsimile or photocopy of any Ownership Certificate issued by an Authorized Person must be furnished to the Trustee, at the location specified below, no later than two business days prior to the date of the Meeting. A holder of a Bond in registered form who wishes to obtain an Ownership Certificate must cause to be delivered to the Trustee, at the location specified below, no later than two business days prior to the date of the Meeting, a written request for an Ownership Certificate, which request must be signed by the registered Bondholder.
4. Any Bondholder whose Bonds are held by CEDEL or Euroclear may obtain admission to the meeting by causing CEDEL or Euroclear, as applicable, to advise the Trustee in writing, no later than two business days prior to the date of the Meeting, of such Bondholder's name, the original principal amount(s) and stated maturities of the Bonds owned by such Bondholder, and that such Bondholder, or his named representative, intends to attend the Meeting. The Trustee has been informed that in order for CEDEL and Euroclear to comply with the aforementioned schedule, they must be instructed by the Bondholder, in an appropriate manner, at least four business days prior to the date of the Meeting. It is suggested that Bondholders seeking assistance from Euroclear or CEDEL contact them sufficiently in advance of the aforementioned deadline to assure timely compliance with such relevant requirements as Euroclear or CEDEL may have.
5. The original Ownership Certificates must be delivered to the Trustee on the day of the Meeting in order to be admitted to the Meeting, and will be retained by the Trustee unless return thereof is requested in writing.
6. Persons seeking to attend the Meeting will be required to furnish identification satisfactory to the Trustee.
7. THE TRUSTEE RESERVES THE RIGHT, IN ITS SOLE DISCRETION, TO ADMIT OR DENY ADMISSION TO THE MEETING TO ANY PERSON PURPORTING TO BE A BONDHOLDER OR REPRESENTATIVE THEREOF WHO FAILS TO COMPLY STRICTLY WITH THE REQUIREMENTS SET FORTH IN THIS NOTICE.
8. For there to be a quorum at the Meeting there must be one or more persons present entitled to vote Bonds representing a majority in Aggregate Current Principal Amount of the Bonds at the time outstanding.
9. If within a reasonable time from the time appointed for the holding of the Meeting (as determined by the Trustee) a quorum is not present at the Meeting, the Meeting may be adjourned for a period of not less than ten days. The quorum required at an adjourned Meeting would be one or more persons present and entitled to vote 25% in Aggregate Current Principal Amount of the Bonds at the time outstanding.
10. Any question submitted for resolution, or action proposed to be taken, at the Meeting or an adjourned session of the Meeting will be decided by written ballot. In the event of a vote, every person who is present and entitled to vote shall have one vote for each One Dollar (U.S. $1.00) of unpaid principal amount (in the case of Sinking Fund Bonds) or Accreted Value (in the case of Zero Coupon Bonds) of the Bonds held or represented by such person.
11. Any action taken or resolution passed at the Meeting, or any adjourned session thereof, will be binding upon all the Bondholders in accordance with the Indenture, whether they were present at the Meeting or not, and upon all holders of the coupons appertaining to the Bonds.
12. Representatives of the Trustee will be available in London, by appointment, on the day prior to the Meeting to meet with Bondholders wishing to propose specific topics for inclusion in the Meeting agenda. Bondholders desiring such an appointment should contact the Trustee at the location specified below.

The Agents referred to in this Notice are:

Citicorp Investment Bank (Luxembourg) S.A.
16 Avenue Marie Therese
L-2132 Luxembourg

Citibank, N.A., CSSI Department
Cottons Centre–Third Floor
Hays Lane
London SE12QT, England
Attn: Paul Donovan

The Trustee, CEDEL, and Euroclear should be contacted at the following addresses in connection with the matters referred to in this notice:

Marine Midland Bank, N.A.
Corporate Trust Department
140 Broadway–12th Floor
New York, New York 10015
Attention: Ms. Vivian Georges
Telecopier: (212) 658-6425
Telephone: (212) 658-6515

CEDEL
67 Bd. Grand Duchesse Charlotte
L-1010 Luxembourg
Attention: Fixed Income Instruments
(Telephone: 44-99-2-522)

Euroclear Operations Centre
Rue de la Regence 4
B-1000 Brussels, Belgium
Attention: Custody Special Operations

THIS NOTICE IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the action you should take, you should contact your professional adviser.

MARINE MIDLAND BANK, N.A.
as Trustee

March 26, 1992

ELECTION 1992

TUC witholds formal endorsement for Labour

By David Goodhart, Labour Editor

FOR THE first time in recent memory the general council of the Trades Union Congress has withheld its formal endorsement for the Labour party in the coming election.

This is not because the unions have lost faith in the party they established at the beginning of the century. The unions have said nothing, and are taking virtually no part in Labour's national campaign, *because they desperately want* Labour to win.

In past election years, the last TUC general council meeting before an election has put out a ringing statement urging members of TUC-affiliated unions to vote Labour. That is so unremarkable that it normally goes unreported.

Yesterday's general council meeting made no statement on the election.

Labour and the unions alike have concluded that their close political and financial ties are a presentational handicap to a party seeking to become a future government.

It appears that one of the formal or informal gatherings that bring together senior union officials and Labour officials decided to ask for no formal endorsement.

Even though the unions are paying for about 90 per cent of the Labour campaign and still hold 90 per cent of the votes at the Labour party conference, the Conservatives have so far failed to exploit the union-Labour link in the election campaign.

That is partly because the relationship has genuinely changed. Labour has accepted most of Mrs Thatcher's union reforms, initially to the irritation of the unions. Mr Tony Blair, Labour's employment spokesman, has a more arm's-length relationship with union leaders than many of his predecessors.

The union block vote is already being phased down and, whichever party wins the election, Labour's link with the unions is bound to become looser still. Nearly half of Labour's annual running costs are, significantly, now covered by non-union sources.

In some ways it is an odd time for both sides of the union-Labour link to be acting so shyly about it. Trade unions in the UK are much less unpopular now that they have lost so much power. The Labour party has also won back a lot of the trade unionist support it lost in 1983 and 1987.

Only 33 per cent of union members in 1983 and 42 per cent in 1987 followed the TUC *appeal to vote* Labour. This time about 55 per cent of union members are expected to vote Labour, and without even being asked to.

NATIONAL HEALTH SERVICE

A market by any other name

Alan Pike looks at Labour's plans to reform the NHS

Time for health: Robin Cook, Jack Cunningham and Neil Kinnock (left to right) at yesterday's press conference on the NHS

MR William Waldegrave, health secretary, often points out that versions of the government's health reforms are being introduced worldwide.

His point is correct but it brings him little political comfort. Since many British voters have only the flimsiest understanding of the detail of the year-old reforms, the fact that politicians and health care professionals are pondering similar solutions to common problems in Sweden, the Netherlands, Israel or New Zealand is not going to win the health debate.

It would however, impose some difficult decisions on an incoming Labour government. Labour is fighting the election pledged to scrap the reforms. Given the zeal with which the party has opposed them, any other position might have bewildered its candidates and voters alike. However, the main question in the minds of National Health Service professionals is whether abolition of the reforms would necessarily lead to the market-like structure on which they are founded being dismantled.

The big health care issue is much the same throughout the developed world. Essentially it involves finding ways of controlling rapid cost increases in the face of even more rapidly growing demand driven by higher public expectations, technological advance and the expensive treatment required by an ageing population.

Governments of all political persuasions are trying to force more efficiency out of their health delivery systems. The separation of the purchase of health care from its provision – the centrepiece of the government's reforms – is a fashionable notion at the heart of many attempts to do this.

Labour will certainly speedily abolish the more controversial specific aspects of the government's changes, notably self-governing trust hospitals and GP fund-holders.

On the purchaser-provider split, Labour's manifesto says it would create a "modern, efficient NHS with incentives to improve performance – but without the queue-jumping and waste created by a market in health care". It would hope to do this through performance agreements between health authorities and hospitals, with additional incentive funds for institutions which performed above target.

Call it a market or not, there is still a glimpse of competition – there would be winners and losers in the bid for extra funds.

Some health care specialists, however, do not think this model would create sufficiently robust separation between purchaser and provider to create efficiency improvements. Professor Chris Ham, of Birmingham University's health service management centre and the King's Fund college, believes that retention of trust hospitals is needed to stimulate true bargaining between managers.

This view is not universally shared. There is a trend in bureaucracies – among which the NHS is world-class – towards devolved decision-making. Many local authorities and other public bodies are introducing versions of internal markets, with individual departments having to sell services to each other.

If this managerial atmosphere survived a Tory defeat, it is possible Labour could retain the principle of the reforms while claiming it had eradicated the government's "commercial market".

On spending, an incoming Labour health secretary would do well to keep pace with the relatively generous settlements Conservative predecessors have won from the Treasury in the last three years. The Labour pledge to spend an extra £1bn over the next 22 months has to be viewed in the context of the service's £36bn budget for 1992-93: £1bn is a handy sum of money, it is not a passport to transformation.

The long political process leading to the government's health reforms and this year's general election clash over the future of the health service began in 1988 with claims that the service was structurally underfunded – Britain spends less of its GDP on health care than most developed nations. Labour acknowledges that it may take at least the lifetime of a parliament to tackle what it regards as a decade of Conservative party underfunding.

But all political parties know that, regardless of economic constraints, any attempt to reach a "correct" level of health care funding is a struggle-unto-death with a moving target as demands keep rising. Arguments over waiting lists make for good political exchanges, but waiting lists are the way in which the NHS rations finite resources.

One of the most interesting aspects of Labour's plans is its enthusiasm for promoting healthier lifestyles. Health promotion used to be regarded, even among many health care professionals, as a fringe issue compared with the real business of giving people expensive treatment in hospital. Now health care systems throughout the world, in the face of cost pressures, are showing growing interest in prevention being better than cure.

Changes in NHS waiting lists

In-patient and day cases combined

Region	Under 1 year Number	Under 1 year Change	1-2 years Number	1-2 years Change	Over 2 years Number	Over 2 years Change
Northern	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yorkshire	63,134	+2.2%	7,088	-5.6%	492	-48.6%
Trent	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
East Anglia	35,766	-0.4%	4,823	-2.4%	472	-45.3%
N W Thames	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
N E Thames	68,230	+0.2%	9,574	-3.1%	2,724	-35.0%
S E Thames	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
S W Thames	43,595	-1.1%	3,212	-12.3%	199	-41.1%
Wessex	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Oxford	39,925	+2.0%	6,050	-0.6%	726	-54.8%
South Western	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
West Midlands	83,304	+2.1%	6,496	-7.9%	1,557	-30.2%
Mersey	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
North Western	75,230	+0.5%	7,139	-3.2%	318	-61.7%

Numbers as at February 1992
Changes since January 1992

NHS patients waiting more than two years for operations fell by 45 per cent between January and February as the government moved to fulfil an undertaking to eliminate two-year-plus waits by next month. Critics say that this has diverted attention from more important work. There was a slight increase in patients waiting less than one year.

Highgate audience warms to Glenda

By Michael Cassell

GLENDA JACKSON, the Oscar-winning election candidate for whom the Hampstead and Highgate seat would be an even classier prize, must imagine she is heading for Westminster purely on the strength of local concern about the health service.

If this week's constituency public meeting on the issue – a steamy blend of slanted statistics and personal abuse – was any guide, fears for the future of the NHS will hand Hampstead to Ms Jackson.

The north London seat, Conservative-held by just 2,221 votes, has hardly clasped the government's health reforms to its bosom. There are no fund-holding general practitioners in the borough, and residents voted overwhelmingly against their local general hospital taking trust status. The government's decision to overturn the result has not won many friends.

Ms Jackson scored a fairly easy victory over her principal opponent, Mr Oliver Letwin, the Rothschilds banker who carries a Thatcherite banner and is an unabashed proponent of the reforms.

The "scandals" of the poll tax, poverty and the waste of female skills were delivered with a passion which this election has failed to provoke.

NHS underfunding was identified by Ms Jackson but not quantified. The Tories' "bottomless pit" which could never be filled with enough cash was exposed as a Tory plot to privatise. Labour, she said, would revive the NHS, although it could not "turn this pumpkin of a country into a golden coach overnight".

Labour outlines plans for increased NHS spending

By David Owen

LABOUR YESTERDAY allocated £582m of the extra £1bn it intends to spend over the next two years on the National Health Service, and gave an uncosted pledge to raise by 50 per cent the amounts earmarked for reducing waiting lists and cutting cancelled operations.

It said it considered it prudent to leave a margin for "contingency expenditure".

Yesterday's measures would be in addition to channelling £60m generated by ending tax relief on private health care into National Health cancer services.

The largest single sum – £136m – will be spent on recruiting an additional 7,000 nurses.

Another £35m would be used to help fund extra staff to reduce the pressure of work on junior doctors.

A total of £100m would be spent on upgrading hospital buildings, £35m would go towards lifting standards of cleanliness and £50m would be used to kick start more than 50 projects to provide accommodation for patients from mental health hospitals.

Everybody over 40 would be entitled to free eye tests in an initiative for which £95m has been set aside.

A further £50m would go to ensure all intensive care beds could always remain open.

A family doctor fund would provide £56m to improve the service provided by general practitioners; bids from GPs for funding innovative schemes would be invited.

- Labour would spend:
- £136m on 7,000 extra nurses
- £100m to upgrade hospital environment
- £95m for free eye tests for the over 40s
- £56m for the family doctor fund
- £50m for intensive care beds
- £50m for mental health hospital patients' accommodation
- £35m to improve hospital cleanliness
- £35m on extra junior doctors
- £25m on medical research centre equipment

■ Consultant agrees that the wait was unacceptable ■ Father is told of cash problems in the district

Child's surgeon complains of underfunding

This letter was written on February 17 by Mr Alan Ardouin, consultant at Kent and Canterbury Hospital, to Mr John Bennett, father of the child portrayed in Labour's election broadcast as having to wait months for surgery.

Dear Mr Bennett,

Thank you for your letter. I hope by the time that you receive this letter that Jennifer will at least have had a date for an admission if not already been in. I have been discussing the problem with your general practitioner, Dr Cwynarski, and I have also had copies of correspondence between Mr John Bragg our district chairman and Roger Moate your MP, to whom I am sending copies of this reply.

I agree with you that it is unacceptable for children, especially if they have had deafness, to wait as long as Jennifer has had to wait for her surgery. One of the problems in this particular unit is that we only have seven children's beds suitable for accommodation of overnight stay patients.

In addition there is insufficient funding to allow us to have nursing cover on Sunday nights when we would normally admit four patients and on Friday nights, which prevents us doing anything on a Friday which requires an overnight stay. As a result the waiting list for overnight stay patients has climbed enormously in spite of our protestations that we needed nursing cover on Sunday nights and Friday nights.

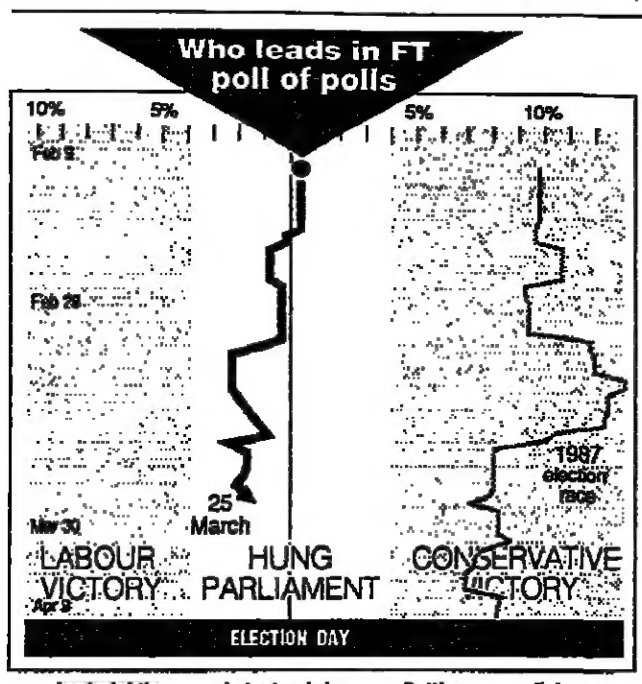
Recently the district have allocated further funds on a temporary basis for us to have the extra nursing cover that we require. Also we have had the opportunity of having one extra operating list and this is enabling us to clear 50 or so cases off our waiting list. I only hope that it will be possible to maintain the staffing levels after this exercise so that we can continue at a steady rate to clear the waiting lists and not go through the stop/start procedure that we are having at the moment.

Some of our problems are in relation to the funding of the district as a whole which has been poor, related to other districts in Kent. This is being redressed but the effect will not be immediate. We suffer from the fact that this district has two district hospitals and not just one and therefore the funding and development monies have to be shared between the two and at the present time the lion's share is going to Thanet which is rather underdeveloped in comparison with Canterbury. It is a matter of priority as to which hospital gets the lion's share of the money available. These are political matters outside our influence.

Finally the last point you made in your letter, why in 1992 do children have to wait for over a year for treatment which was available to you in two weeks 40 years ago, I think it was fortunate that you could have treatment in that time 40 years ago but when I came here the waiting list was only six weeks and now it is over a year principally because there are no more consultants here now in ear, nose and throat surgery than there were 40 years ago yet some specialities have increased by as much as six times.

There is the possibility of an additional consultant being appointed next year but this is to replace an existing associate specialist so I doubt whether this will improve the productivity. Our greatest need is for continuing nursing cover on our children's ward and sufficient beds in the hospital to prevent medical emergencies constantly invading our beds necessitating frequent cancellations of operations.

Yours sincerely,
A.P. Ardouin, F.R.C.S., D.L.O.,
Consultant Otolaryngologist.



	Last night's FT forecast	Latest opinion poll	Betting odds	Futures trading
Conservative	302 seats	39%	11/8	301
Labour	305 seats	42%	4/6	303
Liberal/Dem	19 seats	14%	400/1	24
		(NOP/Newsnight/Independent) Field date 24-25 March	Ladbrokes (for most seats)	Dealing on the number of seats (IG Index mid-prices)

* Weighted average of six most recent opinion polls computed daily. Does not include telephone polls, panel polls and those that omit sample size or field dates. The graph compares the parties' leads at similar points in the last campaign. The middle line marks level-pegging. If the black line moves left, Labour leads. The Tories lead if it goes to the right.

THE ISSUES: TRANSPORT

Parties steer clear of a traffic jam

By Richard Tomkins, Transport Correspondent

IT IS such a blindingly simple idea that it is a wonder no one has latched on to it. Why is none of the main parties promising to end road traffic congestion and make the trains run on time?

A sure-fire vote winner it may be, but it is some tribute to the intractability of Britain's transport troubles that no one can give such an undertaking without testing the credibility of their policies to destruction.

Take the Conservatives. It is less than a year since Mr Malcolm Rifkind, transport secretary, declared himself "enthusiastically and unequivocally" in favour of getting more freight and passenger traffic on to the railways. Just how that was to be achieved was never altogether clear, but one departure from previous policies was Mr Rifkind's initiation of a study into road pricing – charging motorists for use of roads on a pay-as-you-go basis.

This last idea was a nod towards the unpalatable fact that the proportion of passenger and freight journeys undertaken by the railways today is so small that even to double it would produce only a small hiccup in the rate of road traffic growth. With further road building heavily constrained by environmental considerations, the implication is that traffic congestion will eventually have to be tackled by pricing people off the roads.

To say that that notion went down badly with Mr Rifkind's ministerial colleagues would be an understatement. Road pricing was struck off the political agenda as suddenly as it had appeared. Not surprisingly, the Conservative manifesto makes no mention of it, instead emphasising government plans to spend £6.3bn on road building.

It is a similar story with railways. Mr Rifkind's ambitious plans to break up and privatise British Rail raised too many fears of higher fares and cuts in services to risk putting before a fickle electorate. Thus the Conservative manifesto retains the promise to sell off BR's freight trains because they do not carry voters, but privatisation of the passenger services has given way to more modest plans for allowing private-sector operators to run trains on BR's tracks.

Even so, one significant change has survived the emasculation. In the next parliament, we are promised, the Tories would start franchising out the operation of existing BR services to the private sector. The attractive notion underlying the plan is that the private sector will turn out to be much better at running trains than state-owned BR. The bad news is that the record of the private railway companies in the pre-nationalisation era does not convincingly support that view.

Would a Labour government do better? Like the Tories, Labour ducks the crucial issue of how to ration available road space among rapidly rising numbers of users. Mr John Prescott, shadow transport secretary, construes road pricing as an attack on the poor, and has taken to embarrassing Mr Rifkind by reminding him of his erstwhile enthusiasm for the idea.

Unlike the Conservatives, Labour does not attempt to suggest that road building offers an alternative. Indeed, it says it will put a moratorium on road building until it has compiled a list of transport priorities. That will mean levelling the playing field between road and rail schemes by requiring both to be assessed on environmental, social and economic impact.

Further investment, Labour's manifesto suggests, will be ploughed into the railways by freeing BR from the straitjacket of the public-sector borrowing requirement and allowing it to borrow from the private sector. How that is to be achieved without drastic changes to national accounting rules is not explained.

Superficially, it is an attractive picture. Experience, however, has shown that improvements in public transport have little or no effect on traffic growth: so without pricing to discourage it or building to accommodate it, congestion could turn into paralysis.

That is one bullet that the Liberal Democrats are prepared to bite. Like Labour, they are against the privatisation of BR and advocate similar means of shifting the balance of investment from road to public transport. But they promise to accompany the policy shift with road pricing in urban areas and phased increases in petrol prices.

The Liberal Democrats, too, show a keen awareness of political realities with a whole raft of exemptions and concessions for motorists in rural areas – the communities from which they draw their greatest support. Probably a hung parliament would find little to divide them from Labour: and, whatever the outcome of the election, the transport revolution may be a long time coming.

Quotes of the day

Right, we have a press conference to go to
John Major as cricketer Ian Botham lost his wicket

Ultimately the only way an independent Scotland could balance the books would be to introduce conscription. A vote for them would be a vote to start packing your tartan kitbag
John Reid, Labour defence spokesman

We have the ability to go to all of the groups, not just the IRA, but all of the groups and say to them the game is up – it's finished
Gerry Adams, Sinn Fein president, who hinted at an end to violence if his party became involved in the political talks process

John Major and the rest of the unionists are the real separatists. They want to keep Scotland cut off from Europe, isolated and impoverished as a backward province of Britain
Alex Salmond, leader of the SNP

ELECTION 1992

Major mounts attack on SNP

By Alison Smith

A FIERCE attack on the Scottish National Party marked the start of Mr John Major's day of campaigning in Scotland. The prime minister angrily denied that he was acting on the basis of party interest in the debate about Scotland's future.

At a press conference in Edinburgh he rejected the suggestion that the Tories had been talking up support for the nationalists to split the anti-Tory vote.

The SNP, he said, "adheres to the sort of socialism that the whole of eastern Europe has thrown out. They are an immense danger to the potential future well-being of people who live in Scotland".

He used the fact that the Conservatives are in a weak position in Scotland – the party holds just nine of the 72 seats – to reinforce his claims that the government's opposition to devolution or separation was based on the future prosperity of every region of Britain.

"If I was concerned solely about party self-advantage, I would say 'Go and have separation, have separation, come out of the Westminster parliament' and the effect of that would be that the Conservative party would be undefeatable in the rest of the United Kingdom."

He underlined his call for a full constitutional debate on Scotland, saying that the prize but not the prices of devolution had been set out.

The Tories' tactics have been to polarise the debate by discussing devolution purely in terms of its leading inevitably to separation.

Mr Major acknowledged that some Scots felt a sense of grievance, but said the consequences of separation included not just the direct impact on Scotland's economy, but Scotland's position in the European Community. An independent Scotland would not have the same influence as the UK in EC negotiations, he warned, and would not be able to deliver as good a deal.

This would matter particularly when it came to discussing agreement on fisheries and farming, which were vital to Scotland's interests.

"Those are the points that I beg people to consider," he said.

Kinnock crew campaigns in a smug-free zone

Ivo Dawnay on the flying start to the Labour party's bid for power

THERE IS a total ban on complacency, smugness or presumption on the Kinnock tour. At least, that is what they say.

Dare so much as hint that Labour might actually win and a posse of earnest faces will fall on the offender with assurances that there is everything to play for, that the campaign has merely had a good start and that it is not over yet.

At a break for a replacement aircraft on Monday, the leader himself was indirectly tackled on the cockiness question. "What was the difference in mood between 1992 and 1987?" Mr Neil Kinnock was asked. Struggling to stifle a satisfied smile, he dodged the tackle. "We aren't starting from 10 points behind," came the diplomatic reply.

But beneath the air of quiet professionalism cultivated by the Kinnock team, it is hard to disguise a spring in Labour's steps. Almost to its own astonishment, the machine is beginning to believe its own propaganda: that it can, indeed that it will, win outright.

In part this confidence arises from genuine incredulity that all has so far gone – more or less – according to plan. "We had feared that they had planned a 1992 campaign," said one Labour insider. "In fact, by using the QEII Centre for the manifesto launch and doing 'Major. The Movie' they are copying our tricks from 1987."

Labour's campaign script had dictated that it should begin with the shadow Budget, absorb the punches on tax and spending then, after a decent interval, get on to the safe home territory of public services. In defiance of Murphy's Law, that has broadly happened. Not only did the Smith Budget fail to spring a significant leak, but the Conservatives were in disarray over how to respond.

"It was the return of Mrs Thatcher that convinced us we had scored a hit," said one media minder. "That really showed they were rattled."

Senior campaigners are less openly euphoric, preferring to weigh the political value of the upbeat mood among the lower ranks rather than question whether it is justified.

The decline of the damaging gaffe, a crucial component in the 1987 election, is one consequence. There have, of course, been minor gaffes aplenty.

Yet repeated Tory allegations of blunders has devalued the charge. "Because they are behind, people tend to see the gaffe accusation as a desperation measure," one Labour strategist claimed. "We have also got much better at putting them right immediately rather than trying to bluster it out."

Old hands argue that Labour started quite poorly in organisational terms. Initial forays from London were unfocused and not newsworthy.

Party organisers will concede some ground to these charges. But they also say the criticisms are small beer.

With an average two-point poll lead, Labour's until-now-smooth cruise hit its first choppy waters yesterday when the impact of its National Health Service election broadcast "went nuclear".

This turned Mr Kinnock from dignified leader on a regal progress to something similar to a red-haired fox as he toured an archipelago of north-eastern London dormitory towns pursued by a pack of ravenous journalists from the Tory tabloids. But, so far, the worst fear of his minders – an outburst of Celtic temper – has not happened. Everyone is working to keep it that way.

Party strategists believe they must now keep the campaign on a steady course, confronting rather than dodging the tax and spending charges with the "positive programme" of its recovery package and continuing to press the NHS and education buttons.

The aim is to build a slow, but steady opinion poll lead – "two points a week will do us" – and hope that the Conservative camp will follow ancient tradition and self-destruct amid internal recriminations.

"Defence is a dead issue, they can't make the union card work so they have only got tax and Kinnock left," one party official argued. "But if they play those too hard there will be a hostile response from the public to the stress on negative campaigning."

All this fails to address the question of whether Labour is being too optimistic in assuming that the drift will turn to a rout. There is, dare one say it, just a touch of complacency about it. The truth is Labour has not yet broken through the barrier that turns those who say the Tories do not deserve to win into voters who argue that Mr Kinnock merits the keys of Downing street.

But they have made a start.

On the ball: John Major at a training session at Hearts Football Club, Edinburgh, yesterday

Joe Rogaly

Playing heart-strings

Labour's exploitation on TV of images of a young schoolgirl in pain has become the focus of the most virulent exchange of insults and accusations of the campaign. That is hardly surprising. If the Conservative counter-attack strikes a chord with voters, the government might yet avoid defeat. If Labour's TV heartbreaker prevails, the Tories are finished.

The broadcast was described as "shameless" by Mr Michael Howard, the employment secretary, yesterday. Considering the source, that is praise indeed. Mr Howard's habitual use of hyperbole casts "shameless" in a new light. Uttered by him it must mean "brilliant", as when the young deploy "wicked" to much the same purpose.

Mr Michael Heseltine chose a different adjective – "despicable". It brought to mind the use by President George Bush of Willie Horton, a murderer, in his campaign against Mr Michael Dukakis, then governor of Massachusetts. Horton had been given a weekend pass under state legal procedures. He escaped, raped a woman and stabbed her companion. The Bush commercial was a ruthless appeal to racial fears. It was despicable.

Labour's broadcast showed one little girl getting instant treatment on the strength of her mother's cheque book while another suffered as she waited for surgery on the National Health Service. Let's regard the film as an allegory. As such, it appealed to class antipathies, the muddled British sense of fair play, and our sub-conscious terror of being bereft of medical care when we need it. It also spoke to the personal experiences of many voters, their friends, or their near relatives. It rested on a mountain of anecdotal evidence. It was shameless.

It was also humbug. Labour has no claim to moral superiority. The architect of the NHS, Aneurin Bevan, consciously laid the foundations of a two-tier system of health care, one for the rich and one for the rest of the population. Private patients could be treated in state-owned hospitals from the start. He may not have liked it, but he acknowledged that it was unavoidable. It still is.

Bevan also knew that some patients would be made to wait. "We never will have all we need," he said on the eve of the establishment of the service. "Expectation will always exceed capacity." Since then, the tier of money has been overlaid by a tier of connections between favoured doctors and chummy consultants.

Major lacked the depth of experience that might have led him to shelve the reforms

The extra £1bn Labour proposes to spend on the NHS if it is elected will not change that. The service cannot hope to satisfy every demand, since it is free at the point of use and supply is rationed by the Treasury. Accountable management and greater transparency might enable doctors to ensure that more patients make the best of what will always be an unfair system. That is what the government's reforms are intended to achieve. Labour is obscuring what should be a rational debate by the use on TV of soap-opera techniques.

Yet whatever you think of such methods, it is the Tories who have allowed the NHS to become the foremost non-economic issue in this election campaign. They brought it on themselves.

The story starts shortly after the 1987 election, which the Conservatives won with a majority of 102. That third smashing triumph in a row went to their heads. They began to sow the seeds of their own destruction. Mr John Moore, then secretary for social services, failed to secure an adequate cash allocation for health during the public spending round. The Treasury minister with whom Mr Moore had to deal was Mr John Major. Mr Moore was at that time tipped as a successor to Mrs Margaret Thatcher. He was broken by Mr Major's tough bargaining. As winter drew on, he had to come back for an emergency £100m for the NHS.

Mrs Thatcher blew up. Ad-libbing in a TV interview, she announced a thorough review of the service. That was at a time, remember, when the Conservatives seemed to be invincible. The far-out right-wing think tanks put up plans to privatise it or to change to a wholly insurance-based system. Mrs Thatcher never quite fell for those, but she flirted with them. In consequence, the review was foredoomed by its use of the language of markets, prices, purchasers and even customers.

When Mr Kenneth Clarke succeeded Mr Moore – and Mr Major became *dauphin* – he found an inchoate plan to divide purchasers of care from providers. With the exception of tax relief for private health insurance for the elderly, the wilder ideas had already been discarded. Mr Clarke built a new structure around the internal market theory of management. Thus did "GP fundholders" and "trust hospitals" come on to the scene. "Opt-out" was invented by a newspaper. Still infused with the post-1987 Conservative hubris, Mr Clarke declined to contemplate a pilot scheme before the launch of the new system.

Shortly before she was deposed in November 1990, Mrs Thatcher had the collywobbles. Should the reforms be put off until after the election? Her successor, Mr Major, lacked the depth of experience that might have led him to shelve the project. Instead, he persuaded Mr William Waldegrave, the new health secretary, to tackle Labour's wily Mr Robin Cook head-on. That was madness. Every time health hit the headlines, Labour rose in the polls. Only a wave of revulsion against shamelessness would make it different this time. Mr Major's attack on the opposition last night – "such men are not fit to govern" – was therefore well worth a try, but if it is true to past form Labour will get the better of the political argument.

Smith leads the way in Midlands

By Peter Norman, Economics Correspondent

JUST OVER two weeks ago Mr Norman Lamont, the chancellor, unveiled a Budget that cabinet colleagues thought would be a "Budget for victory".

With only a fortnight of electioneering left, all the signs are that the issues of taxation and economic management are failing to benefit the Tories.

Two days spent following Mr Lamont and Mr John Smith, the shadow chancellor, in the electorally important West Midlands showed that Labour was able to deploy its senior economic spokesman more effectively than was the local Conservative machine. Moreover, Mr Smith proved more adept at getting his message across than did the chancellor.

Mr Lamont's visit to Birmingham on Monday to launch his party's campaign in the West Midlands was blighted by poor organisation and bungled photo-opportunities. But even if all had gone smoothly, the chancellor would have faced problems selling the government's economic record in a region with many marginal constituencies that have large numbers of skilled manual voters – the so-called C2s.

The chancellor's tour of Birmingham gave the impression that local party organisers were primarily interested in keeping him away from the public. Two hurried photo-opportunities attracted only a handful of journalists and, more importantly, failed to illuminate party policies. A midday speech to businessmen was not televised, while a late change of schedule meant he missed a local-radio interview.

Mr Smith's trip took him to two training centres where the redundant are taught new skills – and he was in his element. He nodded sagely as an operator showed off computer-aided-design equipment, murmured sympathetically as he joined a counselling session and was able in a rapid succession of interviews to relate what was going on around him to Labour's policies.

Every paragraph had its sound bite, testifying to Mr Smith's skill as a communicator. But it was also apparent that, away from the high-earning south-east of England, his message was easier to sell than that of Mr Lamont.

Mr Smith was able to capitalise on the anxieties unleashed by the second recession under a Conservative government in Britain's manufacturing heartland. He linked Labour's plans for training to hopes for a better future. He wanted people "to get ahead of change" so Britain would have "the best-educated and trained workforce in Europe" and therefore "the best economy".

According to the independent Institute for Fiscal Studies, 51 per cent of West Midlands families should be better off with Labour's Budget plans while 13 per cent would lose. Mr Smith could therefore claim that his Budget would establish "a fair tax and National Insurance system".

The state of the economy forced Mr Lamont on to the defensive. He had no encouraging economic statistics up his sleeve. The sole glimmer of hope was a forecast from the Society of Motor Manufacturers and Traders that an additional 70,000 cars would be sold in the UK this year as a result of his Budget package to help the car industry.

These measures were somewhat grudgingly received. After his lunch with local businessmen he was asked why the government had not abolished the car tax instead of halving it, and why the charge had not been cut one or two years ago.

But appearances are not everything. Suspicions of Labour run deep. Mr Smith's trip included a visit to Delcam Systems, a software manufacturer, which had put the message "Welcome to John Smith" with Labour's red rose on the computer screens. But Mr Nigel Whalley, Delcam sales manager, who welcomed a beaming Mr Smith, was unhappy at the thought of a Labour election victory which "would be bad for business".

Marking time in middle England

Richard Donkin visits the crucial marginals around Birmingham

NUNEATON Town Hall might have been purpose-built for one of those late 1950s British comedy films where the local worthy pulls out his pocket watch as Norman Wisdom, playing the downtrodden Mr Pitkin, rides by on his milk cart.

This is provincial middle England where, but for the pedestrian precinct and the Jobcentre, the pocket watch might have stopped in 1959. Nuneaton has the sort of imposing Co-op that 30 years ago no one would have dared walk past without knowing their "divi" number. People still work a long time for the Co-op. Its last assistant manager, who retired a few weeks ago, had been there since the age of 14 with a brief break for fire-watching duty during the Coventry blitz.

Continuity of employment, however, has become the exception rather than the rule. In a part of Nuneaton called Bermuda – due to an affectation of a former landowner who had been a governor of the colony – is a futuristic development housing Federal Express, perfectly positioned near the heart of the motorway network.

Last week the courier company, one of Nuneaton's largest private employers, announced that the depot would close in May as part of a large-scale retrenchment programme across Europe. About 500 jobs are expected to go. This was no tired, declining industry defying progress, but one of the most vibrant of the 1980s service sectors.

The failure has increased uncertainties among many service-sector employees who dominate the jobs market in spite of the West Midlands' reputation as the anvil of British manufacturing production. West Midlands Employment Information Unit says that in September last year the region had 1.25m people in the service sector, against 613,000 in manufacturing.

Nuneaton job centre has 219 vacancies and 5,821 people chasing jobs. The rate of unemployment in the region has risen to just over 10 per cent from the 6 per cent of early 1990. More than 40 people hunt every job in the urban centres.

Nuneaton is a blue-collar area, mostly residential – many of its people work in the Coventry car industries. It might be expected to be a Labour seat but Mr Lewis Stevens, the Conservative MP, is sitting on a 5,655 majority which Labour needs a swing of 5.5 per cent to overturn.

The seat is one of an arc of Conservative marginals to the south and east of Birmingham that Labour believes it will win.

A 2.5 per cent swing to Labour would cost Mr Francis Maude, the financial secretary to the Treasury, his Warwickshire North seat.

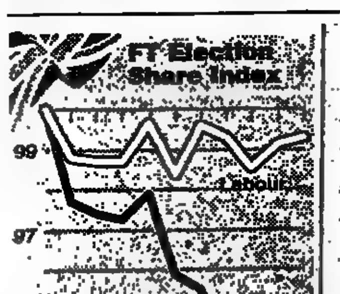
North Warwickshire is the home of Federal Express's biggest competitor, TNT. Its chief executive Mr Alan Jones, is a vocal opponent of Labour policy.

Before TNT arrived in Atherstone, the town was coming to terms with the loss of most of its mining industry. TNT, with 600 staff, is Atherstone's biggest employer. It has expanded its customer base by 15 per cent in the last 12 months. Mr Jones is worried about Labour's taxation plans and their effect on his company.

After working out his finances based on Mr Smith's Budget, he says, he cancelled an order for a three-piece suite and put his house up for sale. "If Labour get in there will be a meltdown in the property market," he says. "If people are not going to buy things there will be no market for people to make things."

The knock-on effect in the movement of goods, he says, would almost certainly lead to redundancies in his own company.

Henry Tudor is said to have stayed in Atherstone before the nearby battle of Bosworth in 1485. If Mr Martin O'Brien, the Labour candidate, is to unseat Mr Maude as effectively as Henry dealt with Richard III, the issue of employment may prove to be a significant battle-ground.



● Labour win/Conservative defeat stocks .... 99.27 + 0.17
● Conservative win/ Labour defeat stocks .... 93.34 - 0.01
● FTSE .... 97.71 + 0.25

ON A DAY when the overall market rose slightly, the gap between the two sectors of the FT Election Share Index widened a little. Shares that might benefit from a Labour victory rose by less than the main FT-SE index, while shares that might benefit from a Conservative win closed virtually unchanged. Overall, however, turnover was very low.

Both portions of the index are calculated on a base of 100 as at closing prices on March 11, the day the election was announced.

Nearly a million missing voters

Here are the figures that everyone has been waiting for – not yet the general election result, but at least the definitive number of those eligible to vote. Proportionately, the figure is going down, despite an increase in the population.

According to the Office of Population, Censuses and Statistics, the numbers on the electoral register fell by about 2¼ per cent – or just under 1m – between 1984 and 1991, compared with the numbers that would have been expected if people had gone on registering in their old conscientious way. The decline became more marked after 1987.

The OPCS is much too shy – and perhaps it cannot be proved – to attribute the post-1987 fall entirely to the community charge, as the poll tax used to be called.

However, it must have been a factor.

Between 1990 and 1991 alone, the percentage of the estimated population on the register decreased from 96 per cent to 95.5 per cent. In Scotland, where the poll tax started earlier, the decline was even sharper.

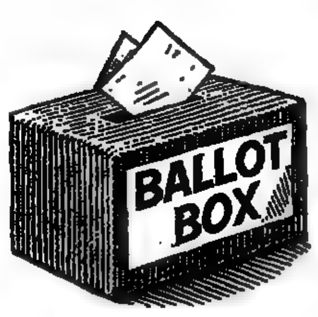
It was mainly the young who opted out. Registrations by "attainers" – people about to be old enough to vote in the coming year – fell by 11 per cent in 1990 in Britain as whole.

Nevertheless, there may have been a sudden rush to register ahead of the election. The OPCS's very latest data, published yesterday, puts eligible voters on April 9 at 43,725,003 – up from 43,556,783 last year.

Dewar's day

People in Scotland never saw Labour's contentious party political broadcast on the National Health Service on Tuesday.

Instead they had what party officials refer irreverently to as Donald the Movie, in which Donald Dewar, the shadow Scottish secretary, portrayed how Labour would heal the economic and social ills of Scotland.



Curiously, the Labour party did not get much of a mention. Dewar talked mainly of what the Scottish parliament, which Labour is committed to setting up within two years, would do.

Thus it assumed that Labour, which should win a little over 40 per cent of the Scottish vote on April 9, would control the parliament.

This could suggest that Labour does not expect its ratio of seats to share of the vote (presently highly favourable to it) to suffer much from the form of proportional representation it is proposing as the parliament's electoral system.

Viewers might also have thought that Labour was offering Scotland independence.

There was nothing about Westminster in it, and a lot of talk of better links with Europe – just like the Scottish National party.

Robin Hood

Andy Stewart, the personable Tory MP for Sherwood, the marginal North Nottinghamshire seat which Labour is confident of wresting from him, has brought out a secret weapon. Instead of regaling the voters with a megaphone from his car, he is playing them his Tory jingle, tailor-made by radio Trent for £250.

The jingle, which he says was a bargain, starts: "I don't want to pay more income tax" and carries on in similar vein. In the land of Robin Hood it is ensured some sympathy, though it has difficulty in competing with "Greensleeves" from the local ice-cream vans. Stewart says he is reluctant to play it too loud for fear of waking people up.

Tory hopeless

David Owen's old seat of Plymouth Devonport is widely expected to revert to Labour after Owen's stewardship for the Social Democrats. Even if they are conceding defeat in advance, however, the Tories could hardly have put up a more unlikely challenger than Keith Simpson.

Simpson's cv, which he hands out to the press, includes "married (wife's name Pepita), considerable experience in public speaking and working with the media: recently appeared on Channel 4's After Dark with Oliver Reed".

He lists his hobbies as "patronising restaurants, walking dogs, growing cacti and carnivorous plants, and collecting and consuming malt whiskies".

But at least he is honest: the release highlights Simpson's role as special adviser to the defence secretary from 1988 to 1990 - surely a bold move in a constituency where defence cuts have caused thousands of job losses.

"It reads like a suicide note," says a local reporter.

Real style

The London Ritz is offering free theatre tickets to its international clients on April 9 in case they are bored with the election.

On the other hand, they can also have free copies of the party manifestos sent to their rooms.

ELECTION 1992

Ashdown denies policy rift

By Ivor Owen

DIFFERENCES within the top ranks of the Liberal Democrats over nuclear defence and post-election strategy emerged yesterday to plague Mr Paddy Ashdown, the party leader.

Plans for another session of "photo-opportunities" on the Isle of Wight were hastily recast to enable him to mount a damage-limitation exercise over statements by Mr Simon Hughes, party environment spokesman, on the BBC's Election Call radio programme.

Mr Hughes revived the controversy that bedevilled the Liberal-SDP Alliance during the 1987 general election by suggesting that abandonment of nuclear weapons would be considered by the Liberal Democrats in their promised review of defence policy.

He also expressed a clear preference for Liberal Democratic participation in a Labour rather than a Conservative government in the event of a hung parliament.

Mr Ashdown met a barrage of questions with repeated assertions that the statements by Mr Hughes, who has declared his support in the past for unilateral nuclear disarmament, were consistent with the party's manifesto.

This promises a comprehensive review of defence policy and expresses the belief that, given the improved international situation, further arms cuts "will be able to be made without in any way endangering security".

Mr Hughes argued that his discussions with Mr Menzies Campbell, the party's defence spokesman, indicated that the need for Britain to retain a nuclear deterrent could be considered.

Mr Ashdown was adamant that the party's defence policy was based on Britain having a "credible and deliverable" deterrent for the foreseeable future. He acknowledged that this could involve a "fewer number" of nuclear warheads than currently planned for the Trident submarines which are to replace the Royal Navy's existing Polaris fleet.

Mr Ashdown attributed Mr Hughes's preference for participation in a Labour government to the fact that he represented Southwark Bermondsey, an inner-London constituency, which he won in a by-election from Labour. Liberal Democrats in other constituencies, he said, might prefer to link with the Tories.

THE Liberal party in Scotland, which has re-emerged three years after most of it helped form the Liberal Democratic party, is fielding four candidates, Bethan Hutton writes.

Two are standing in Conservative-Lib Dem marginals where a few hundred votes could be decisive. Mr David Senior is standing for the Scottish Liberals in Fife North East, where Mr Menzies Campbell faces Tory determination to win the seat back. In Edinburgh West, Mr Alan Fleming joins the fight as Lord James Douglas-Hamilton defends a Tory majority of 1,234.

The Liberal Party in Scotland supports devolving power to the most appropriate level.

Tony Andrews

Steamroller tactics: the Conservative party arranged for a symbol of economic recovery to be crushed in central London yesterday to demonstrate what it believes would happen if Labour were to win the general election

Reading between the parties' battle-lines from left to right

Byron Criddle analyses the likely social and political breakdown of the MPs in the next parliament

THE candidates that the parties are fielding in the constituencies they think they will win reveals much about each party, its values and the interests it represents.

Mr Neil Kinnock, troubled in the early 1980s by leftwing activists choosing candidates in their own image, was strong enough by 1987 to change Labour's selection rules. He introduced one member, one vote, mobilising the local membership to neutralise activists.

The effect has been to reduce significantly the number of leftwingers getting through the net: no rightwing MPs have been deselected, whereas of 14 MPs dropped between 1981 and 1985 most were from the party's moderate wing.

The new process has, however, greatly localised candidate selection, favouring aspirants known to the widened local electorate. Hence the selection of prominent local-government leaders: in the 28 seats where Labour MPs announced their retirement between 1987 and 1992, at least 10 selected local worthies of this sort.

Retention in the selection process of 40 per cent of the votes for unions has added to this localising trend, with the unions securing seats for their own, often local, officials. Less is known about candidates of this sort than of the few London-based celebrities such as Mr Peter Mandelson (Hartlepool) and Ms Glenda Jackson (Hampstead and Highgate).

Long gone are the days when Labour could parachute into its safe seats London-based dons, barristers and journalists. The party's heartland is increasingly occupied by non-metropolitan party and union apparatchiks.

The pattern in Conservative seats is similar in one respect and different in another.

A number of potential Tory MPs are also likely to be drawn from the ranks of full-time politicians and party insiders, but the vast majority of the 60 candidates chosen to replace retiring MPs are London-based professionals, many of whom are lawyers. If local Conservative associations have a reputation for autonomy, they still show signs of favouring metropolitan professionals over locals.

There are also contrasts between the political characteristics of the new candidates, with Labour moving away from the left but the Conservatives remaining on the right.

The great majority of new Labour MPs will be soft-left Kinnockites. In a likely new intake of about 100 MPs (assuming a Commons in which both parties have about 300 seats), fewer than a dozen will have hard-left histories, from which most of them appear to have mellowed.

A Kinnockite parliamentary Labour party (PLP) will, however, face a Conservative party reduced in size but not in fervour. In place of MPs defeated in marginal seats – many of whom are staunch Thatcherites – the party will have a significant infusion of new Thatcherite blood in safe seats where MPs have retired.

In occupational terms, superficially the parties have long been on convergent paths, to the extent of Labour becoming more "white-collar".

Conservative MPs have traditionally been drawn from business and professional backgrounds in equal proportions. Labour, on the other hand, had a large minority of manual workers, comprising in 1951 almost two-fifths of the PLP. By 1987 the proportion was down to 29 per cent and after the election it is likely to be reduced to about 20 per cent.

The proportion of Labour MPs with business backgrounds has always been very low and is set to fall below 5 per cent. In place of these categories is Labour's expanded "middle-class" base but it is drawn almost exclusively from the public sector, notably teaching and local administration. In contrast the Conservative middle-class MP is a private-sector professional – most typically a lawyer. Additionally, a significantly expanding proportion of Labour's white-collar MPs are party and union officials – some 30 per cent of the likely new intake.

In educational terms, while Labour has an increased number of graduate MPs and candidates, the Conservatives have fewer MPs with a public-school-and-Oxbridge pedigree.

In 1974 50 per cent of all Conservative MPs were of such an educational – and, by implication, social – background. After the election, in a Conservative party reduced to 300 seats, the proportion will have fallen to nearer one third.

It was said that as Mrs Thatcher rose, so the social status of the party declined. The total of Conservative Etonians is set to fall to an all-time low of 30 MPs (10 per cent of the total compared with 25 per cent in 1951). Even if 64 per cent of Conservative MPs will still be drawn from public-school backgrounds, far fewer will be from famous boarding schools.

There has also been an erosion of the admittedly small number of Labour MPs with public-school and Oxbridge backgrounds – from a consistent figure of 14 per cent in the 1950s, 1960s and 1970s to an expected 5 per cent (or 15 MPs) after April 9.

Some advance has been made in the representation of women. The Conservatives have – surprisingly, given the party's reputation for female activists who will not choose women as candidates – picked women for six safe seats. But with defeats expected for MPs of the last parliament such as Mrs Lynda Chalker, the overseas development minister, the party is unlikely to end up with many more women MPs.

Labour has, with the help of mandatory shortlisting of women, put women into a quarter of the 100 key marginals and is likely see its number of women MPs rise from 24 to 40 in a 300-strong PLP.

Neither party has done much for aspirants who are black or of Asian origin, even if the Conservatives have selected two for the Tory-held seats of Cheltenham and Brentford and Isleworth. Given the level of prejudice about black candidates, the difficulty for the Conservatives is the lack of Tory-held seats with a significant proportion of black and Asian voters.

Labour has far more seats with ethnic-minority electorates, and four of them elected black candidates in 1987. The problem for aspiring black Labour candidates is that most of the remaining seats with high proportions of ethnic-minority voters are already occupied by high-profile white incumbents such as Mr Roy Hattersley, Ms Clare Short, Ms Joan Ruddock and Ms Kate Hoey. All of these could not be deselected either because of seniority or gender.

In a party where the women's lobby is well-organised, deselection of one of the few women MPs is unthinkable. Thus one minority serves to hold back another.

Labour's teachers and lecturers, local administrators and union officials confirm it as the party of public-sector defence. The growing number of party and union organisers, however, also implies a party of power-seeking professionals and arguably one of pragmatists.

The Conservatives, while retaining a traditional mix of business and the professions, will also include more power-focused party functionaries. Ideologically, with an influx of rightwingers, they would be well-prepared for a populist assault on a weak Labour government facing considerable political and economic challenges.

The writer is senior lecturer in politics at Aberdeen University.

Occupational background of MPs

Assuming 300 Conservative and 300 Labour MPs

	Conservative		Labour	
	New intake	All	New intake	All
Professions (including the law, teaching)	[illegible]	[illegible]	[illegible]	[illegible]
Business	[illegible]	[illegible]	[illegible]	[illegible]
Other white-collar (including journalists, local government administrators, party and union officials)	[illegible]	[illegible]	[illegible]	[illegible]
Manual	[illegible]	[illegible]	[illegible]	[illegible]

MANAGEMENT: MARKETING AND ADVERTISING

Letting Rover off the leash

Gary Mead says the car group is severing relations with existing agencies

"OF COURSE it's completely weird. Advertising just does not happen this way. And you can take it from me – it's not going to work."

Such is the verdict of one Saatchi & Saatchi executive on Rover Group's decision to change the way it advertises and markets its cars in the UK and continental Europe.

Relinquishing outside agencies, Rover yesterday formally handed the bulk of its marketing accounts to a new company – Kevin Morley Group – set up by Kevin Morley, a former commercial director of Austin Rover and now a non-executive board member of Rover Group.

More than 30 advertising agencies, dealing with television, press and direct mail, once handled Rover's advertising. The company is reluctant to put a value on its marketing budget, but an estimate for expenditure in the UK and Europe might be in the region of £100m. In the UK, the Rover account was worth some £20m annually to BSB, part of the Saatchi group.

As the recession continues, commissions are being squeezed and advertisers are trying to reduce advertising budgets. Where Rover advances, other large advertisers may follow.

As the Saatchi executive said: "Losing business to a flesh and blood rival is one thing, but to lose it this way is something else again".

Kevin Morley says that Rover's move had been planned for nine months. "There was a need in Rover to cut costs and to have a form of integrated marketing. We have been trying for a number of years to get an integrated marketing agency – there are plenty in this country and the US – but not of the size required to handle Rover. Rover's stance is one name, one standard, everywhere. You can't have one name and one standard everywhere with 30 different agencies, all with their own objectives."

Morley's contract with Rover says that KMG will handle all Rover's marketing business in the UK and Europe. However, initially he will have to use existing agencies across Europe; it will not become a pan-Europe agency overnight.

For the time being, BSB – part of the Saatchi group – will continue to act on behalf of Rover, but through Kevin Morley. BSB Dorland retains Rover's UK Land Rover account. Zenith, the media-buying wing of Saatchi, will also continue to act for Rover in Europe and UK.

Kevin Morley has recruited 45 people for his new agency. The staff will handle strategic advertising, including television, press and direct mail. That strategic group will place advertising with the sales teams across Europe.

"It is not common in the motor industry to have pan-European advertising but in other industries it's been common for years," says Morley.

"Kevin Morley Group is a separate company owned 100 per cent by me; the relationship with Rover is merely that we handle all of Rover's marketing activities. What I am trying to do is to get away from thinking purely in terms of advertising.

"What clients understand, and I would suggest advertising agencies don't quite understand yet, is that clients want the one name and one standard running everywhere throughout all of their activities, from the TV commercial right the way down to the salesman's handbook in the showroom."

One area that prompted the new marketing policy is Morley's own encounters with advertising agencies, which failed to look at what clients required, including such supposedly unglamorous details as direct mail: "It was described to me by one advertising agency chairman as 'the other stuff'."

Nor is the most important issue cost-cutting. John Towers, managing director of Rover Group, says that while Rover expects "a minimum of 10 per cent" better value for money, that will not necessarily mean a 10 per cent cut in the marketing budget. Morley says that fees will be lower because there are less fixed costs associated with one agency rather than 30.

"We can probably also save 10 per cent by group media buying, by having pan-European media buying done centrally out of London or Paris."

According to Morley, Rover's decision to unify and slim its marketing plans is in line with a policy to reduce its suppliers generally, from more than 900 currently to just under 200.

Morley is no longer an employee of Rover Group, though confusingly he will act as managing director of Rover Marketing, a division within the group. He is at pains to emphasise that Rover has not simply decided to take all its marketing in-house: Rover Marketing, with a staff of 100, handles corporate planning and future product development; KMG will handle what is conventionally thought of as advertising and marketing.

Nevertheless, a condition of his company's five-year contract for the Rover business is that he devotes himself to the Rover account.

Morley dismisses suggestions that his role as a non-executive director at Rover Group and his control of Rover's new marketing supplier could lead to conflict of interest. He is satisfied that, as Rover Group's marketing budget is under the control of the group board and is not in the hands of any one individual, such suggestions are groundless.

His view is that accusations of interest-conflict stem largely from the advertising world which, he believes, fails to understand what his new company – and Rover's policy change – entails.

"It has been said that the advertising industry is the youngest on earth with the oldest ideas. The critics don't understand the move; there is no conflict of interest."

Rover: cutting costs and integrating its marketing activities

Why viewers find some TV soaps are a turn-on

Raymond Snoddy investigates new research into the way people watch programmes


EastEnders' stars Wendy Richards and Peter Dean: avidly watched

Television viewers switch naturally between two distinct modes of watching programmes – active and passive – according to new advertising industry research.

The difference could be crucial for advertisers because evidence suggests that when people are watching passively, they remember little of what they have seen – which means that advertisments stand little chance of making an impact.

Viewers, for instance, tend to watch TV-am, the commercial breakfast channel passively, although they may briefly become active if there is a particular item they are interested in.

By contrast, they are much more engaged when they are watching ITN's News at Ten.

The BBC soap opera EastEnders with subject matter covering topics such as Aids, homosexuality and rape is avidly watched and received high levels of recall, says Jim Marshall, managing director of The Media Centre, which is part of the DMB&B advertising agency and one of those responsible for the new research.

Neighbours, the Australian-made soap also shown on the BBC, was viewed and enjoyed by a similar number of respondents in the research project, but the programme was not absorbed in the same way. "Most could remember little or nothing about its plot or subject matter," said Marshall who presented the research findings with Margaret Tulley, planning director at DMB&B, at a Media Week conference in Harrogate last week.

The message seems to be that if programmes are challenging and involving, viewers watch them actively.

Bland programmes produce bland viewing.

Marshall argued that research in both the UK and the US found that there was a direct relationship between the impact a programme had and "the way that people process advertising".

Viewing habits have changed in the last decade. A similar study conducted 10 years ago found that there was still a feeling of magic about television as families gathered around the screen. That has now gone: people take television and the extra choice of programmes and channels, immediate news coverage and sophisticated video effects, entirely for granted.

Viewers happily chose to watch individual programmes on minority channels yet the old distinction between "selective" and "non-selective viewers" is now far too crude.

"Different audiences watch different programmes in different ways and this can vary by day of week, through the day, or even in the course of an evening," Tulley believes.

For advertisers and advertising agencies, the implications are clear, Tulley believes: it makes sense to schedule advertising against certain programmes which are more engaging to particular target audiences.

DMB&B plans to continue the research and believes that far more qualitative research is needed on the way viewers interact with their television sets – not as a substitute for counting the audience, as in traditional ratings measurement, but as a supplement to it.

Drinks all round for top of the hops

Drinkers in England and Wales show a marked taste for international brands of lager when they go to the pub but they remain loyal to regional brands of ale.

Five of the pubs' best-selling beers last year were international lagers – Heineken, Foster's, Castlemaine, Carlsberg and Stella Artois. But only two ales, Allied-Lyons' Tetley bitter, and John Smith's bitter, brewed by Courage, laid claim to national popularity by gaining places in the list.

Two national lagers, Carling Black Label and Skol, and Guinness stout occupied the remaining places in the top 10 which had total sales of £2.3bn, more than the combined sales of the next 30 brands.

A survey by Stats MR, the market monitor, for Publican, the pub trade newspaper, lists only one independent regional brewer's product, Marston's Pedigree, in the top 100 best-selling drinks.

But Ruddles, the Leicestershire brewer now owned by Grolsch of the Netherlands, wins a mention and regional tastes are reflected in the range of beers from the national brewers – Bass, Courage, Allied-Lyons, Whitbread and Scottish & Newcastle – which dominate the £10bn a year pub market.

The five brewers supplied 69 of the top 100 brands.

A growing taste for stout has lifted Murphy's, distributed by Whitbread, into the top 50, and Courage's Beamish brand into the top 70.

Holsten Pils leads the trendy premium packaged lagers but S&N's Newcastle Brown ale is the most popular bottled beer.

Bulmer's Strongbow and Taunton's Dry Blackthorn head five listed ciders. Diamond White packaged cider rates a higher placing than many bottled lagers.

Bell's whisky, Bacardi rum, Gordon's gin, and Smirnoff vodka lead the spirits and specialty brands with places in the top 20, but the list also includes Southern Comfort, Martini Dry, Malibu, Pernod, Tia Maria, and Bailey's.

Two brands of dark rum, a drink long considered out of fashion, are listed but not a single brandy. Perhaps less surprisingly, only one low alcohol beer, Bass's Tennents LA gets a rating.

Philip Rawstorne

TECHNOLOGY

New well goes round the bend

Horizontal drilling, one of the more advanced areas of oil exploration and production technology, takes a step forward next month on the sand dunes north of Aberdeen.

The International Drilling and Downhole Technology Centre (IDDTC) will be drilling an experimental well which will be made available to the equipment and services industry as a testing ground. The IDDTC claims it will be the first facility of its kind in the world.

The well will descend 1,000 feet. It will then be turned through a nine degree per 100 foot angle, and continue for another 500 feet horizontally. The total length of the well will be 2,440 feet.

The £900,000 cost will be borne partly by the oil services industry and partly by the local regional council, Scottish Enterprise and Grampian Enterprise. Although this sounds a lot of money, David Curry, the IDDTC's managing director, says it is one twentieth of the cost of drilling a similar well offshore. He describes horizontal drilling as "the emerging technology, the technology of the 1990s".

One purpose of the well is to test compressed air drilling techniques which are still being developed. These techniques are thought to be more efficient than traditional liquid mud systems, providing higher penetration rates.

Horizontal wells are perceived to have several advantages over conventional deep well drilling. They enable drillers to approach a reservoir from a fresh direction and, usually, achieve higher recovery rates than by traditional means. Although horizontal drilling is more expensive, a successful well can pay for itself many times over. Several wells in the North Sea are now being drilled horizontally, such as the Hyde, Forth, Captain and Anglia fields. "They're more costly, but you can achieve more," said Alan Miller, BP's drilling superintendent for the southern North Sea region.

BP has ambitious horizontal drilling plans for its Wytch Farm field in Poole Harbour, Dorset. Rather than place a drilling rig offshore, BP will reaching out to the underwater field from an onshore site. This will not only be cheaper than building an artificial island but also, the company likes to point out, more environmentally friendly.

David Lascelles

Private sector IT suppliers are knocking on the doors of government ministries, writes Ian Holdsworth

Outsiders move in

Thousands of pink forms are rolling off printers at the Northern Ireland civil service this month as the province prepares to quiz its farmers for the annual pig census.

This year, for the first time, the job is being done by an outside contractor following the privatisation of the civil service's IT division last September. In a test case for the government policy of "market testing", the civil service handed over its four ICL mainframes based at Stormont just outside Belfast to CFM, ICL's facilities management subsidiary and the UK's second-largest IT contractor to the public sector. CFM's £20m fixed-price contract will last for five years.

The civil service's main aim was to cut costs and move to a more commercial footing. But there were other factors as well. In particular, FM has extricated the government from a tricky problem – how to respond to the migration of work from the central IT service to the micros and minicomputers installed by individual ministries.

"Because individual departments were doing more of their own computing, the central bureau was showing a declining trend in its service over time. Looking ahead two or three years, one would wonder what it would be like," says Derek Alexander, under secretary for IT at the Department of Finance and Personnel (DFP), which used to run the province's in-house IT service.

In 1989 the IT centre started charging the departments for its service, and this compounded the problem. "Systems would drop off but we were stuck with the same overheads," says Alexander. "In government you're expected to recover your costs, and so we had to raise the charges to customers whose requirements hadn't changed."

During that same year the DFP started to think seriously about privatising IT. After conducting a feasibility study which showed that substantial savings could be made, it put the contract out to tender in December 1990. Six bids were received including a proposal for a mangement buyout from the in-house team.

"We pointed to value-for-money and cost as being major criteria," says Alexander. "But we also emphasised the quality of the technical solution, the ease of implementation, the plans each firm had to grow the business, the credibility of the company and its previous FM experience, their approach to personnel issues and their commitment to the province."

Strong union opposition to the deal brought the personnel issue to the fore. None of the bidders would have had the resources to carry out the FM contract without persuading most of the staff to move. So it was in their interests to offer an attractive package to DFP staff.

Alexander is pleased with the way things have gone so far. Since CFM took over, the computer centre has cut its costs by about 15 per cent. Measuring the saving is not easy because the department had been getting smaller and would have cut costs on its own if a bid from the in-house team had been successful. However, the centre is now making an annual saving of about £1.8m compared with its position before market testing began.

Some 110 of the 190 IT staff previously working for DFP were re-employed by CFM while the rest were offered other civil service jobs. CFM took on a further 34 staff from outside. There were no compulsory redundancies.

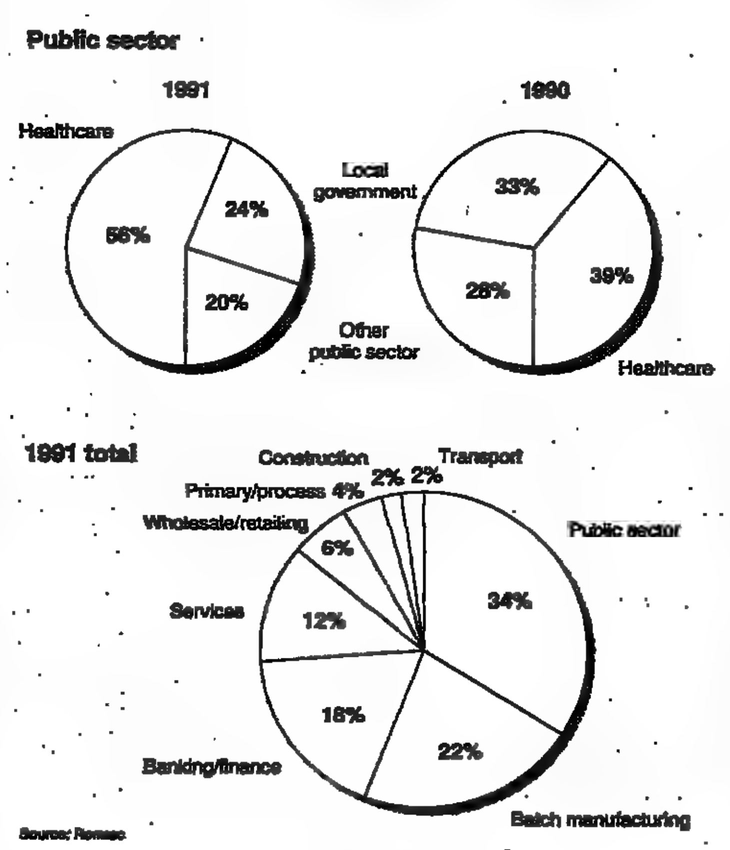
Perhaps the most visible discipline to be introduced since CFM's arrival is that of service level agreements between the contractor and its clients inside the civil service.

CFM has responsibility for providing Northern Ireland's six government departments with more than 50 computer applications. Apart from the pig census, there are systems for planning applications, benefit payments, road maintenance, and the production of poll cards for the general election.

The company has drawn up detailed agreements with each government department quantifying exactly what they are paying for. The help desk which serves all departments, for example, is committed to resolving 75 per cent of all users' problems within 10 minutes.

Service level agreements are a constant reminder of the commercial basis of DFP's seemingly cosy partnership with CFM. At the moment both companies share the same building. A harder edge to the relationship may develop after next summer when CFM moves to its own multi-million pound computer site currently under construction on a Belfast industrial park.

FM market share (by volume of IT contracts)



Source: Romtec

The move will be good for both parties, freeing 35,000 square feet of office space for the civil service, and boosting CFM's identity in Northern Ireland where the civil service contract is only a bridgehead.

CFM will chase further FM work from the civil service – perhaps winning back some of the minicomputer-based systems that have migrated to individual departments. However, its plans in the province extend far beyond FM. Revenue from the civil service deal will help it break into other markets, says general manager Robert Bailes. In particular, it wants to set up an electronic data interchange network to facilitate trade between Northern Ireland and the rest of Europe.

CFM may also undertake work for its parent, ICL. This is likely to be data centre work and software development which will help reduce overheads for the civil service.

The company already has 40 software developers dedicated to civil service systems. Existing government software is always changing – after a Budget for example – and new systems are usually in train. One current project is the development of a grant system for small businesses trying to start up in Northern Ireland.

Should an outside company be entrusted with systems that handle confidential information? It's not a problem, says Alexander. "The Ministry of Defence runs plenty of non-IT operations on an FM basis that are just as sensitive as anything we handle here."

Hoping for rich pickings

The contracting out of IT by the Northern Ireland civil service has aroused much interest among central government computer departments on the mainland. At least four have sent observers to Belfast.

These visits auger well for private-sector suppliers hoping that central government will offer them a third wave of deals following their penetration of local government and health authority IT in the 1980s. This time the pickings could be much bigger as some government departments operate dozens of mainframes spread around the country.

Government departments routinely contract out support services such as cleaning, laundry and catering. But a White Paper last November extended the government's policy of "market testing" into professional and specialist operations such as accountancy, legal services and IT.

While a Labour government would change the parameters of official policy and end compulsory competitive tendering in local government, the underlying drive for quality and value-for-money would continue – with some facilities management proposals proving hard to resist.

The FM market for IT was worth £399m in 1991 according to market researchers Romtec, of which the public sector accounted for 43 per cent. Romtec expects the total market to more than double by 1994. "In the public sector, cost control is a major motive for choosing facilities management," says Jon Whiteley, of Romtec. It's different from the private sector where FM is valued additionally for enabling a company to concentrate on its core business, he says.

"FM has had some success in local government competing with well-established and mature IT which has acquitted itself well," says Whiteley. "These very large government departments are a more ambitious target for an FM supplier to set itself," he says.

The White Paper, Buying Better Public Services, listed central government IT as a "promising area" for market testing or contracting out. Already the Department of Health is buying IT and management consultancy services worth £15m from the private sector in 1991-92, while the Inland Revenue expects to buy in more than half of its IT development and operations worth £80m.

The Ministry of Agriculture, Fisheries and Food uses facilities management on some of its computer systems and buys consultant support worth £4.5m a year.

Australia joins EC network

Australia has become the first non-European member of BC-Net, the agency that links companies in different countries so they can conduct cross-border business. The move should make it easier for European companies to penetrate the Australian market by forging alliances with commercial, technical or financial partners there, and vice versa.

BC-Net (Business Co-operation Network) was set up by the EC in 1988 and later expanded to include members of the European Free Trade Association. Companies connect with the system via business consultants, who enter descriptions of the companies and what links they want. BC-Net, based in Brussels, tells the consultants when it has found a match, and the consultants liaise with each other before introducing their clients.

Under the deal signed last week by Gareth Evans, the Australian minister for foreign affairs and trade, and Frans Andriessen, the EC vice-president, Australia will pay the EC Ecu 35,100 (£25,100) to gain access to the network.

In addition, Australian companies will pay A$100 (£44) to the EC for each profile entered, and the consultant's fee. Fayle says it is "a cheap way of exploring the opportunities" of forming alliances, which might take the form of licensing agreements for manufacturing, distribution or sales deals. But he admits that few Australian companies have heard of it.

Jon Finlay of Sydney-based management consultants Abacus says Australian companies often try to expand abroad because the home market of 17m people is small. "Every client we've talked to about it will put a profile on," he says. "Any way of shortening the process of forming trade alliances is attractive."

A six-month pilot programme begins at the end of April, when BC-Net manager Eric Hamelinck visits Australia to train interested consultants.

Finlay expects the network to be used mostly by companies of 300-400 employees, with a minimum of 100. But, he adds: "We're not relying on BC-Net to produce the goods. We're looking at it as getting into a network of business advisers in the EC. It's just a tool to set up the business link."

Elisabeth Tacey

BUSINESS LAW

Meeting old public liability claims

By Randolph Fields

The insurance industry is currently under threat from claims of catastrophic proportions which stem from its *carte blanche* underwriting of unrestricted pollution liability insurance in the UK between 1930 and 1990.

Up to now attention has been solely directed to US claims. In the recently published Rowland Report, Lloyd's: a Route Forward, not a single reference was made to the claims that Lloyd's may face from UK policyholders in respect of UK environmental clean-up expenses.

There is no hard estimate yet for the amount of money that will be required to clean up Britain's industrial heritage, but all experts agree the costs will run into billions.

Lloyd's has acknowledged that the cost of cleaning up the US may reach $1,000bn. If Britain's problem is only one-tenth the size of the American problem the claims will be in the order of £50bn. (A recent estimate published in the Financial Times put the cost at between £10bn and £30bn.)

One insurer recently described the pre-1990 enforcement of laws controlling pollution in the UK as a farce. Since the Environmental Protection Act came into force in November 1990, a much more rigorous regime of pollution control and remediation has been in place.

Section 61 of that act, for example, permits local authorities to recover the costs of cleaning up contaminated sites from the site owner.

Of more significance are the catch-all provisions of section 161 of the Water Resources Act 1991 that empower the National Rivers Authority to clean up actual or threatened pollution of controlled waters and reclaim the costs of clean-up from anyone who "caused or knowingly permitted" pollution.

As no element of knowledge is required to establish liability on the part on anyone who causes pollution, it would seem that strict liability will be imposed on any company which, quite properly and in accordance with all applicable regulations in force, "caused" its industrial waste to be disposed in a landfill site owned and operated by a local authority and which now threatens to pollute controlled waters.

It will be interesting to see whether a person who transported someone else's waste to such a landfill site will also be liable under this legislation.

The National Rivers Authority is the agency empowered under the Water Resources Act to institute clean-up operations. Although they do not yet appear to have used these powers, it cannot be long before they do so.

Also waiting in the wings is the anticipated European Commission Directive on Civil Liability for Environmental Pollution.

Even in the absence of new laws, there is the spectre of lawsuits grounded in nuisance and negligence which are directed at industry by those whose property and health have been adversely affected by environmental pollution.

Recently in the US there has been a number of multi-million dollar settlements of third-party injury claims emanating from consumption of contaminated water over long periods of time. The same pollution problem exists in Britain and it can only be a question of time before evidence of mass poisoning emerges.

Thus Lloyd's and UK insurance companies now face an avalanche of claims on public liability policies which have lain dormant for up to 60 years.

Why is this so? Insurance policies written in the 1930 to 1990 period covered pollution losses unless specifically excluded. It is a facet of these policies that there is no time limitation on claims and, as fantastic as it sounds, it was well appreciated when the policies were written that claims could arise years after the policies had apparently "expired".

US insurers acted in the early 1970s to restrict coverage for pollution claims before ceasing in 1985 to write any form of coverage whatsoever. UK insurers inexplicably waited until 1990 to restrict their own pollution coverage.

Recently, Mr Brian Street of American International Underwriters (UK), a leading London market insurer, remarked that the UK industry's practice in writing unrestricted public liability policies on an "occurrence basis" had been "naive".

He described the typical public liability policy as including all forms of pollution liability, gradual as well as sudden and accidental, unless specifically excluded, and because the policies had been written on an occurrence basis with no limit to the number of events in any one period of insurance, they afforded unlimited coverage.

Most UK insurers of commercial liability risks have on their books significant volumes of policies which until 1990 were silent on the topic of pollution. Only those risks where there was a perceived pollution problem, such as chemical plants, would have been restricted. Even where restricted terms were used the effectiveness of these clauses will be open to challenge in the courts.

The recognition of the risks of environmental pollution is not new. Until the 1960s it was general practice to include, if there was a perceived risk, an exclusion of liability from water pollution and the escape of fumes, chemical effluent or other noxious gas, liquid or substance placed in the policies of certain industrial insureds.

As far back as 1969 Mr Peter Madge, a prominent British writer in the field of liability insurance, pointed out that an occurrence policy would cover a claim for bodily injury and property damage to third parties due to the deliberate emission of toxic chemicals from a chimney stack.

It was the writing of these old public liability policies on an occurrence basis that was chiefly to blame for underwriters' current misery.

This is because, under the terms of a standard worded public liability policy, the event that triggers coverage is when the injury or damage takes place or occurs, not the accident giving rise to it.

Thus where a negligently designed building is erected and subsequently collapses during a later policy period, it is the later policy that will respond to the resulting claims. Similarly, where faulty electrical wiring is installed before insurers come on risk and a building subsequently burns down when insurers are on risk, the claim is covered.

It is, therefore, an important question of fact when the injury or damage occurs, for this will determine the policy or policies under which cover will be available.

Gradual pollution presents particular problems in this regard. Often there will be little certainty as to when the property damage commenced and for how long it may have continued until discovered.

In the recent asbestos-related litigation it was found, as a matter of fact, that discrete bodily injury took place soon after first exposure and continued until the manifestation of disease up to 40 years later.

In those circumstances most courts held that all policies in effect during the continuing injury process were jointly and severally liable for the ensuing claims.

It is this prospect of multiple years of coverage being triggered for environmental claims that has got the insurance industry so concerned.

Since the introduction of the occurrence policy wording, it has been recognised by those who gave any serious consideration to the issue that gradual pollution claims would be covered.

In Britain in 1958 the Insurance Institute of London, in recommending that an occurrence basis of coverage should be adopted for UK policies, noted: "For the insurance to apply it is only necessary to establish that the injury or damage giving rise to the claim has occurred during the currency of the policy. There may still be difficulties if the injury or damage does not manifest for some time..."

It is particularly poignant that in 1959 and 1960 certain Lloyd's underwriters did try to introduce a standard policy clause that would exclude coverage for gradual pollution. Unfortunately for today's Names, the people whose capital backs underwriting at the Lloyd's insurance market, the warnings of these underwriters were ignored by their fellow Lloyd's and company underwriters who continued blithely to underwrite the risk of gradual pollution loss.

The author is a barrister and member of the Californian Bar.

PEOPLE

Early departure of Taylor Woodrow chief

Taylor Woodrow, one of Britain's biggest construction and property companies, surprised the stock market yesterday by announcing that it was replacing its chairman little more than a fortnight before announcing a sharp drop in profits.

Peter Drew, who has headed the group since October 1989, has resigned as chairman and a director of the company with immediate effect. He has been replaced by Colin Parsons, a 58-year-old chartered accountant, who is currently president of Monarch Development Corporation, TW's quoted Canadian affiliate.

Peter Drew will be 65 this year and was due to retire. However, the company decided to bring his departure forward so that the new man could be in place for the announcement of the company's results. Like many construction companies TW has been hard hit by the recession and the collapse in property values. It confirmed again yesterday that it intended to recommend a final dividend of 9.5p net per share.

TW went out of its way yesterday to praise Drew's 26 "highly successful" years with the company. He made his name as the first developer with docklands and masterminded the St Katherine's dock development. However, his chairmanship has not been regarded as a great success and there has been increasing concern about the company's lack of leadership.

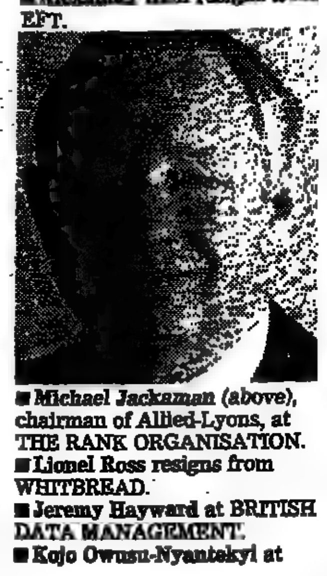
By choosing another TW veteran, the company has once again missed an opportunity to inject some outside talent onto its board. Colin Parsons joined TW in 1959 and joined the TW board in 1987. There will be some surprise that he has leap-frogged deputy chairman John Topping who has been on the board since 1976.

■ BRISTOL & WEST Building Society has appointed Jeff Warren, formerly finance director of Mountleigh, as director of finance, Ken Scott, formerly retail banking director of Midland Bank's London region, as director of marketing, and Peter Beeke, information systems manager for Pearl Assurance, as director of management services.

■ Stephen Howard, chief executive, group corporate development, is appointed to the board of COOKSON.

Non-executive directors

■ Matthew Thorne, financial director of Ricardo International, at UMECO.
■ Richard Giordano at RTZ.
■ Frank Thomson resigned from ANGLIAN WATER.
■ Sir Norman Fowler resigned from B ELLIOTT.
■ Miles Roberts at ECCLESIASTICAL INSURANCE GROUP.
■ James Cunningham at RICHARDS, LONGSTAFF (UNDERWRITING AGENTS).
■ Alexander Reid resigns from EFT.



■ Michael Jackaman (above), chairman of Allied-Lyons, at THE RANK ORGANISATION.
■ Lionel Ross resigns from WHITBREAD.
■ Jeremy Hayward at BRITISH DATA MANAGEMENT.
■ Kojo Owusu-Nyantekyi at ABERFOYLE HOLDINGS.
■ John Davies, former md of Tridas, at LAGAP PHARMACEUTICALS.
■ Stephen Cortinovis, a vice-president of Emerson Electric, at ASTEC (BSR).

■ Jeoff Samson (above), formerly group md of Yale & Valor, at EIP GROUP.
■ Richard Kingston at BREDERO PROPERTIES; Graeme Elliot has left.
■ Frank Knight, a non-exec at Berisford, Ocean Group; and Asda, as chairman of FIELD GROUP, the buyout from SCA.
■ Martin Llowarch at JOHNSON & FIRTH BROWN.
■ Sonia Land, a literary agent and former chief executive of Harper Collins, at WATERFORD WEDGWOOD.
■ Sir Gordon Jewkes, one-time Governor of the Falkland Islands, at SLOUGH ESTATES.
■ Neville Taylor at QUADRANT GROUP.

My Little Pony lassoes licences across Europe

The European Licensing Group (ELG), in charge of licensing characters from the Ninja Turtles to My Little Pony across the Continent from Portugal to Latvia, has chosen Robert Watson from US toy manufacturer Hasbro as its new managing director. His predecessor Oliver Reid was killed in a traffic accident in January at the age of 54, shortly after taking up his assignment.

ELG is a joint venture, trading since January, between Copyright Promotions, the UK's largest character licensing operation and part of Mosaic Investments, and Merchandising München, part of the German media empire belonging to entrepreneur Leo Kirch. It is located in Amsterdam and aims to break down the barriers of European-wide licensing.

David Cardwell, joint managing director of Copyright, says Englishman Bob Watson, 43, latterly vice-president of international licensing at Hasbro International in London, "knows the licensing business inside out" and speaks fluent French, German and Italian; "He was the person we reported to at Hasbro," in transactions connected with licences for My Little Pony, Playschool and many others. Cardwell points out that Watson also understands third party licensing, where Hasbro would buy in for its own purposes licences from Disney, or the rights to Turtles from Copyright.

He will be in charge of 16 countries – including a series of offices just opened in eastern Europe and the Russian Republics, which are starting to license characters such as the Turtles, Pink Panther, and, shortly, Indiana Jones. "Oliver did a tremendous job setting it up," says Cardwell. "Bob will be there to keep the monster under control."

■ When the Euro Disney park opens outside Paris on April 12, Peter Woodhead will be counting on the publicity to give a boost to such ageless characters as Mickey Mouse and Goofy.

Woodhead's job is to ensure that the British have Disney characters for breakfast, lunch and dinner. Appointed managing director of Disney Consumer Products in the UK, Woodhead, 41, will continue Disney's activities in the granting of licences to clothing manufacturers, retailers and publishers, but he also sees a great future for Disney characters in food products.

One of his most important tasks, however, will be to take advantage of a recently-concluded pan-European licensing agreement between Disney and Nestlé, the Swiss food giant. Lined up for UK consumers, says Woodhead, are more Disney characters on yoghurt cartons; Easter eggs with Disney themes; and, he hopes, pasta in the shapes of Disney characters.

Before joining Disney, Woodhead worked on the licensing of products based on Mattel's Barbie doll. He also helped ATV to license the Muppets and Pink Panther.

LEGAL NOTICES

Notice of creditors' meeting under Section 48(2) of the Insolvency Act 1986
THE GROVE COLOURPRINT GROUP LTD
Company number: 2183090, Business Address 1/9 Market Road, London N7, England
GROVE COLOURPRINT LTD
Company number: 1474723, Business Address 1/9 Market Road, London N7, England
GROVE WEB OFFSET LTD
Company number: 1807459, Business Address 1/9 Market Road, London N7, England
FOCAL COLOUR LTD
Company number: 2202108, Business Address 1/9 Market Road, London N7
PRS FINISHERS LTD
Company number: 2080610, Business Address 35/37 Queensland Road, London N7, England

NOTICE IS HEREBY GIVEN, pursuant to Section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named companies will be held at Great Hall, Chartered Insurance Institute, 20 Aldermanbury, London EC2V 7YH on Wednesday 8 April 1992 at 10.30 a.m. for the purposes of having laid before it a copy of the report prepared by the administrative receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if:
(a) they have delivered to us at Cork Gully, Shelley House, 3 Noble Street, London EC2V 7DQ, no later than 12 noon on 7 April 1992, written details of the debts they claim to be due under the provisions of Rule 3.11 of the Insolvency Rules 1986; and
(b) there has been lodged with us any proxy which the creditor intends to be used on his or her behalf.

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable.
T R Harris and C J Hughes
Joint Administrative Receivers
20 March 1992

Insolvency Act 1986
TREBMAL
Formerly Known As
LAMBERT SMITH HAMPTON

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a meeting of the creditors of the above named company will be held at 3.00 p.m. on 30th March 1992 at 188 City Road, London EC1V 2NU for the purposes, if thought fit, of nominating a Liquidator(s) and appointing a Liquidation Committee.

NOTICE IS ALSO HEREBY GIVEN, that for the purposes of voting, secured creditors are required unless they surrender their security, to lodge at the registered office of the company, 62/64 Cannon Street, London EC4N 6AE before the meeting a statement giving particulars of their security, the date it was given and the value at which it is assessed.

A list of the names of the creditors of the above company will be available for inspection at the offices of Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU between the hours of 10am and 4pm on the two business days preceding the meeting.

Creditors should forward details of the amount due to them by the company (together with a statement of account where applicable) to TREBMAL, 62/64 Cannon Street, London EC4N 6AE.

For the purposes of voting a statement of claim and any proxy intended for use at the meeting must be lodged with the company at its registered office not later than 12 noon on 27th March 1992.
Date: 19th March 1992
By Order of the Board
IAIN KEATINGS BURNS
Director

MBP LIMITED

NOTICE IS HEREBY GIVEN, pursuant to Section 98 of the Insolvency Act 1986, that a MEETING of the CREDITORS of the above-named company will be held at : 43 Temple Row Birmingham B2 5JT on 9 April 1992 at 2:30pm for the purposes mentioned in section 99 to 101 of the said Act.

A list of the names and addresses of the company's creditors may be inspected free of charge at: 43 Temple Row, Birmingham, B2 5JT between 10:00am and 5:00pm on 7 April 1992 and 8 April 1992.
DATED - 19 March 1992
By order of the Board

Registered in England and Wales
Company No: 1890452
INSOLVENCY ACT 1986
Resolutions of
COMPUFINE LIMITED
PASSED 18 March 1992

At an extraordinary general meeting of the above named company duly convened and held at 1 East Parade, Sheffield S1 2ET on 18 March 1992, the following resolutions were passed: No 1 as an extraordinary resolution and No 2 as an ordinary resolution:

1. That it has been proved to the satisfaction of this meeting that the company cannot, by reason of its liabilities, continue its business and that it is advisable to wind up the same and THAT accordingly the company be wound up voluntarily.

2. THAT D J Stokes, of Cork Gully, 1 East Parade, Sheffield S1 2ET be and is hereby appointed liquidator of the company.
Dated: 18 March 1992.
R G Parker, Chairman.

At a meeting of creditors held on 18 March 1992, the creditors confirmed the appointment of D J Stokes as liquidator.

No. 001249 of 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
THE CRONITE GROUP PUBLIC LIMITED COMPANY
AND IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 9th March 1992 confirming the reduction of the capital of the above-named Company from £7,839,391 to £5,500,000 and of the share premium account of the above-named Company from £1,611,910 to £1,009,231 and the Minute approved by the Court showing with respect to the capital of the Company as altered the several particulars required by the above-mentioned Act were registered by the Registrar of Companies on 13th day of March 1992.
Dated this 23rd day of March 1992.
Edge & Ellison Calow Easton of 18/19 Southampton Place, London WC1A 2AJ
Solicitors for the above-named Company

Notice of appointment of Administrative Receivers
ROCKWELL PAKFAST LIMITED
Registered number: 1118842. Nature of business: Manufacture of Packaging Materials. Trade classification (c): 2-11. Date of appointment of administrative receiver(s): 12 March 1992. Name of person appointing the administrative receiver(s): Lloyds Bank Plc.
Robin Michael Addy and Nicholas Roger Bromfield Godden, Joint Administrative Receivers (office holder no(s) 1031 and 2403. Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge CB3 0BL

Notice of appointment of Administrative Receiver
D J CONSTRUCTION SERVICES LIMITED
Registered number: 1588536. Nature of business: Joiners and Carpenters. Trade classification (c): 23. Date of appointment of administrative receiver(s): 13 March 1992. Name of person appointing the administrative receiver(s): Barclays Bank Plc
J M Vooght & N J Iredale, Joint Administrative Receivers (office holder no(s) 6339 and 2104), Melrose House, 42 Dingwall Road, Croydon Surrey CR0 2NE.

Notice of appointment of Administrative Receivers
ANTHONY ROSS LIMITED
Registered number: 1142516. Nature of business: Air Conditioning Design Contractors. Trade classification: 07. Date of appointment of administrative receivers: 12 March 1992. Name of person appointing the administrative receiver(s): National Westminster Bank Plc.
N J Vooght & J M Iredale, Joint Administrative Receivers (office holder no(s) 6339 and 2104), Melrose House 42 Dingwall Road, Croydon Surrey CR0 2NE.

COMPUFINE LIMITED

Notice is hereby given that the Creditors of the above-named company which is being voluntarily wound up, are required on or before 31 May 1992, to prove their debts by sending to the undersigned David John Stokes of Cork Gully, 1 East Parade, Sheffield, the liquidator of the company, written statements of the amounts they claim to be due to them from the Company and, if so requested, to provide such further details or produce such documentary evidence as may appear to the liquidator to be necessary. A creditor who has not proved his debt before the declaration of any dividend is not entitled to disturb, by reason that he has not participated in it, the distribution of that dividend or any other dividend declared before his debt was proved
18 March 1992
DAVID JOHN STOKES,
LIQUIDATOR

Notice of appointment of Administrative Receiver
CLARKMAN ENGINEERING LIMITED
(IN RECEIVERSHIP)
Registered number: 1039844. Trading name: Clarkman Engineering Limited. Nature of business: Light Engineering /Fabrication. Trade classification: 5002. Date of appointment of administrative receivers: 20 March 1992. Name of person appointing the administrative receivers: National Westminster Bank Plc.
J M IREDALE & N J VOOGHT, Joint Administrative Receivers (office holder no(s) 002104 & 006339), Cork Gully, 9 Greyfriars Road, Reading, Berks RG1 1JG

PUBLIC NOTICES

PIPE-LINES ACT, 1962
ELECTRICITY & PIPE-LINE WORKS (ASSESSMENT OF ENVIRONMENTAL EFFECTS) REGULATIONS 1990
APPLICATION FOR PIPE-LINE CONSTRUCTION AUTHORISATION KINETICA LIMITED - PROPOSED THORNTON CURTIS 20 INCH GAS FEEDER SPUR CROSS-COUNTRY PIPE-LINE

KINETICA LIMITED HEREBY GIVE NOTICE, in accordance with the provisions of Part I of Schedule 1 to the Pipe-lines Act, 1962 and regulation 7(3) of the Electricity and Pipe-line Works (Assessment of Environmental Effects) Regulations 1990, that an application has been made to the Secretary of State for Energy for the grant of authorisation for construction of a cross-country pipe-line.

The proposed pipe-line, which is to be for the conveyance of Natural Gas, is to run between the proposed British Gas pressure reduction station at Thornton Curtis (Grid Reference TA13261633) and a valved tee junction on the Theddlethorpe to Killingholme gas pipeline (Grid Reference TA13901654).

The pipe-line will be owned by Kinetica Limited.

Copies of the maps, on which the proposed route of the pipe-line is delineated and which will run with limits of deviation of 200 metres on either side and of the Environmental Statement (which accompanied the application) can be inspected during normal office hours in Room 3.M.1, Department of Energy, 1 Palace Street, London SW1E 5HE and at the offices of the following local authorities:

Humberside County Council
County Hall
Beverley HU17 9BA

Glanford Borough Council
Station Road, Brigg
South Humberside DN20 8EG

Copies of the Environmental Statement may be obtained from Kinetica Limited, Julian's Barn, Kelstern, Louth, Lincs LN11 0RG whilst stocks last at a cost of £10 each.

Objections to this application should be made in writing, setting out the grounds of objection and bearing the reference PX 75/706/18 and should be sent to the Secretary of State for Energy at 1 Palace Street, London SW1E 5HE (marked for the attention of Mr G R T Cobb, Pipelines Planning Group) to arrive not later than 27th April 1992.

Dated this 19th day of March 1992.

20 Bedfordbury, Covent Garden, London WC2N 4BL
Dr N Ellis, Managing Director, Kinetica Limited

PUBLIC NOTICES

MMC INVITES EVIDENCE ON THE ACQUISITION BY SARA LEE CORPORATION OF THE SHOE CARE BUSINESS OF RECKITT & COLMAN PLC

The Monopolies and Mergers Commission would like to hear from any person with information or views on the acquisition by Sara Lee Corporation of the shoe care business of Reckitt & Colman plc.

The Commission will be considering whether the acquisition raises competition concerns in the market for the supply of applied shoe care products (i.e. various forms of polishes) and whether the acquisition may be expected to operate against the public interest.

The Commission would like evidence in writing by 14 April 1992 to be sent to: The Reference Secretary (Sara Lee), Monopolies and Mergers Commission, New Court, 48 Carey Street, London WC2A 2JT.

ARTS

CINEMA

To sleep, perchance to dream . . .

Each time we see a film there are black spaces the human eye never registers: tiny pauses, perceptual "cat naps", when the projector goes dark between moving frames. Gus Van Sant's dazzlingly original film *My Own Private Idaho* is about a boy who keeps falling asleep. Mike (River Phoenix), a male prostitute, suffers from narcolepsy, a tendency to go into sudden sleeps like seizures. Each time he wakes up a new frame of his story has been racked into view.

Wittingly or not, the film offers itself as a metaphor for cinema. And throughout its haunting tale of lost love and homeward longings it is one of those rare Hollywood movies modernist enough – or post-modernist – to wear its conceits and devices in plain view.

The film bares its aesthetic plumbing in the disruptive editing and the party games with visual illusionism; including a hilarious scene in which the pin-up males on a shop's magazine covers "come to life" and chat to each other. It hauls into view thinly disguised chunks of Welles's *Chimes At Midnight*, alias Shakespeare's *Henry IV*, to illustrate the filial triangle involving Mike's friend and fellow rent-boy Scott (Keanu Reeves) with his Mayor father and roistering surrogate father (William Richert as an Oregon Falstaff). And it turns Mike's own search for his parents into an eccentric dream-odyssey somewhere between *Twin Peaks* and Van Sant's own last film *Drugstore Cowboy*.

The director sounds the film's keynote of tender surrealism at the start, with a flashbacking fantasy montage. Mike is shown asleep on a lonely country road; then Mike's face is shown grimacing with passion as he "climaxes" with a client; then this memory cues a shot of a wooden homestead, his childhood home, tumbling from the sky onto the very tarmac where he lies.

Slowly, in this "gay" movie that makes no fuss whatever about its gay background, we piece together dreams and reveries and encounters. Mike's unrequited love for Scott is sewn into images of mock-sacred passion (a Pietà posture in a narcolepsy fit) and then stammered out touchingly by a midnight campfire. Scott's own macho high spirits – he is a heterosexual in hustler's clothing – find their Hal-like home in the Falstaff subplot. And everywhere Van Sant presents the mystery of "home", that most achingly undefinable word in the language, through a variety of filters: from the backwoods-sentimental ("Home on the range" twanged out on a musical saw) to the comforting fantasies of sex to the looming parental shadows who never quite coalesce into a definable Mum and Dad.

Even sleep – the emotional punctuation marks of Mike's narcolepsy fits – seems like an oblique, absent-minded quest for rebirth. When his body wakes time has moved on to a new reality and Mike himself has often been moved on by a friendly Scott to a new "birth-place". In one scene he wakes in the centre of town under a statue of America's early settlers with the stirringly ambivalent inscription "The Coming of the White Man."

How often does a main-stream American film ask you to bring your thinking cap with you? How often, having done so, does it keep taking it off and playfully throwing it in the air. For *My Own Private Idaho is no ponderous movie* cryptogram but a celebration, often funny, of cinema's own expressive athleticism. That freedom of movement is not

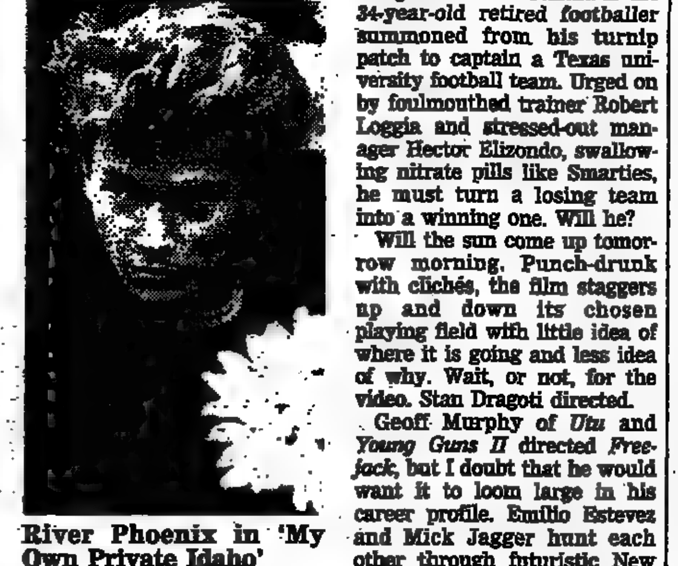
MY OWN PRIVATE IDAHO
Gus Van Sant

HIGH HEELS
Pedro Almodovar

NECESSARY ROUGHNESS
Stan Dragoti

FREEJACK
Geoff Murphy

BRANCHES OF THE TREE
Satyajit Ray



River Phoenix in 'My Own Private Idaho'

arbitrary: it is a reflection of life's own bewildering cross-knitting of past and present, seeming reality and evident illusion. Indeed only decades of narrative spoonfeeding have made a film like *My Own Private Idaho* require the epithet "surreal" rather than "real."

★

What level of reality Pedro Almodovar's *High Heels* belongs to I have no idea. The wacky Spaniard who gave us *Women On The Verge Of A Nervous Breakdown* here gives us a film seemingly designed to keep audiences on the verge of narcolepsy.

The story must have come from some dusty drawer marked "last-resort plot premises." Pretty TV newsreader Victoria Abril (of *Tie Me Up! Tie Me Down!*) becomes entangled in the murder of her husband and the jealous sexual intriguings of her mother. Meanwhile the friendly young investigating Judge with the false beard looks suspiciously like the beardless drag artist we first saw providing Miss Abril with lingual services as she hung from the ceiling in his dressing room.

An everyday tale, you will gather, of media and showbiz folk. Unfortunately Almodovar fails to see the ludicrous side of it, which is astonishing for a director who seldom sees any other side to a story. As Miss Abril tearfully confesses to the murder on network TV (though she might not have done it), or as Mama gasps her last on an ambulance stretcher, or as the Judge whips off his beard and reveals his essentials – the film remains as po-faced as a gynaecologist presented with the entire nude cast of *Oh Calcutta!*.

What ever happened, one asks, to the witty, maze-like insanity of Señor A's early films (*Dark Habits*, *Matador*) or the open-plan farce of *Women On The Verge*? Here one comes out humming the furniture – candy-coloured sofas and tutti-frutti cushions – and wondering why its aesthetic tunefulness has not spread as usual to the rest of the film.

★

As Cincinnatus was called from his plough, so ageing American film heroes are called from the farmlands to become great statesmen or sportsmen. In *Necessary Roughness* Scott Bakula is the 34-year-old retired footballer summoned from his turnip patch to captain a Texas university football team. Urged on by foulmouthed trainer Robert Loggia and stressed-out manager Hector Elizondo, swallowing nitrate pills like Smarties, he must turn a losing team into a winning one. Will he?

Will the sun come up tomorrow morning. Punch-drunk with clichés, the film staggers up and down its chosen playing field with little idea of where it is going and less idea of why. Wait, or not, for the video. Stan Dragoti directed.

Geoff Murphy of *Utu* and *Young Guns II* directed *Freejack*, but I doubt that he would want it to loom large in his career profile. Emilio Estevez and Mick Jagger hunt each other through futuristic New York (2009 A.D.), watched by psychotic billionaire Anthony Hopkins. There are many car chases, explosions and violent deaths and the plot is all about reincarnation, clearly a sunrise industry in this society. I most warmed to the nun played by Amanda Plummer. On being slapped in the face by a baddie she meekly quotes Jesus's words about turning the other cheek; then she says "But he wasn't talking about dickheads like you" and knees her assailant in the groin.

Such a contrast to the world of Indian director Satyajit Ray. I could have done with a car chase, mind you, or even a runaway rickshaw, in *Branches Of The Tree*. This deeply talkative drama about family guilt and redemption is on the chair-bound lines of Ray's recent *An Enemy Of The People*. There are grace notes recalling the old mobile mastery: sudden gentle swirlings of the camera, a bright montage of morning activities. But mostly this is less like a movie than a diagram for one, sketched by a great seer of the cinema now succumbing to stiffening artistry.

Nigel Andrews

Alastair Muir

David Yow in Oliver Hindle's 'Dark Horizons' for the Birmingham Royal Ballet at Sadler's Wells

Ballet/Clement Crisp

Hindle and Balanchine

Oliver Hindle is the newest choreographer to be nurtured by Peter Wright with the Birmingham Royal Ballet. His *Sacred Symphony* for the company last May was a professional debut; now, with funding received by Peter Wright (the 1991 Digital Premier Award), his second creation has been made possible. *Dark Horizons* is set to Shostakovich's chamber symphony (the eighth string quartet in Barshai's arrangement). Its theme is the fate of North American Indians driven from their lands "on to infertile reservations", and it is cast with nine male dancers placed against a rocky landscape designed by Peter Farley.

It is all – in the current cant phrase – "politically correct" (even the Shostakovich score bore a dedication to "victims of fascism and war"), and staggeringly worthy in ideals. In a threnody for a people dispossessed, Hindle shows us the men (outfitted in what look like Iriquois bathing trunks, body paint and modish hair-styles) who are by turns watchful or sorrowing. There is nothing, though, suggestive of the extreme richness of tribal dance – central to the identity of the Indian races, and, in the Sioux ghost dance cult at the turn of this century, a war-like response to persecution by the white man. Instead, Hindle gives us pieties with an admixture of conventional academic movement and poses that look more cinematic than ethnic.

The merits of the piece lie in Hindle's ability to make fluent lines of movement, and to set a personal stamp upon the dynamics of a phrase. That he is gifted there is no doubt, and he has inspired heart-whole performances from his cast, admirably led by Joseph Cipolla. Yet, as with *Sacred Symphony*, I find that Hindle has opted for a theme too static to allow the emotional or physical development which will let his creativity soar and dare braver things.

This new BRB triple bill opened with a sympathetic account of *Les Sylphides*. Not grand, but sincere; musical (Philip Ellis, here as with the Shostakovich, guiding sure accounts of the score) and graceful in manner, and in Ravenna Tucker finding a sensitive ballerina for the mazurka and the nocturne duet: gentle, lovely dancing. The programme ended with Hans van Manen's *Five Tangos*, a work without which I can very well do.

★

Sir Kenneth MacMillan's new and stunning *Judas Tree* is framed in the Opera House programme by two major Balanchine pieces: *Stravinsky Violin Concerto* and *Symphony in C*. The evening is one which, with the addition of Brian Elias' powerful score for *MacMillan*, reasserts the musical standards of our national ballet and the responsiveness of our dancers to good scores and fine accompaniment.

The influence of Constant Lambert upon the identity of the Royal Ballet can never be over-estimated: as composer, conductor, arbiter of taste for two decades from the inception of the company, his imprint still lies in the civilised musical attitudes of our dancers and choreographers, even in certain felicities of style. Balanchine, most musical and most musically educated of choreographers, never put a dancer's foot wrong in relationship with a note or phrase. And though the Royal Ballet manner does not aim for the bright-edged clarity of New York City Ballet in works such as *Violin concerto* or *Symphony in C*, there is energy and rigour to the dancing in this current series of performances, and the sense of a company on fine and secure form.

Part of this is owed to the vitality of the orchestral playing under Barry Wordsworth. *Stravinsky Violin Concerto* on two recent evenings sounded spirited and intense (and intensely poetic in the arias), with the young Israeli violinist Hagai Shaham a dazzling soloist, and the dancers' performance reflected these qualities exactly. Darcey Bussell exposed all the linear tension of the first aria; Sylvie Guillem, looking at moments like Sargent's portrait of Mme Gautreau, seemed to lose herself in the dance to potent effect. In the sunburst of *Symphony in C* , the refinement of the orchestral playing – textures airy, clear – encouraged dancing that was buoyant, generous, and radiant in spirit as in step.

About *The Judas Tree* I can but say that a second viewing revealed fresh layers of meaning and fresh richness of choreographic invention (how vivid is Mark Silver, seemingly the one sympathetic character, standing hand over mouth, denying the truth, Peter-fashion, at the action's crisis). The detail and power in the company performances is everywhere magnificent. It is an astonishing, adventurous work of art. Brian Elias' score is superbly theatrical, and it finds ideal advocates in the Opera House orchestra under Wordsworth.

The Camden Jazz Festival

Garry Booth

If Chick Corea is Scientology's answer to Cliff Richard, then the Church of England had better watch out. His Elektric band came and conquered the Royal Festival Hall again, as part of the Camden Jazz Festival, with its devotion to slick fusion and the micro-chip.

A large part of the excitable crowd had clearly been indoctrinated by Corea long ago, in his early electric days with Return to Forever. Others were there to worship also at the pedals of super-guitarist Frank Gambale or submit to Dave Weckl's hypnotic power drumming. Either way, they left fulfilled, full of fusion and, thanks to the £3 concert programme, totally *au fait* with the master's midi processors and the kind of stick Weckl favours.

With a repertoire that verges on the hard rock, Corea's material is fast and furious in a friendly way, and written to give full exposure to his disciples' mind boggling dexterity with their chip driven instruments. Ballads counted for nothing as each member of the Elektrik Band sought to confuse the muddy acoustics of the Festival Hall with impossibly complex solo excursions.

As usual, Corea himself often wore a state of the art keyboard on a shoulder strap, caressing it at one point to produce a cello solo. During the obligatory five minute drum solo Weckl's sticks produced bass guitar lines from the pads sitting beside the cymbals. Gambale, looking for an alternative to the familiar guitar sound was able to employ the same instrument for whispering synth chords. Only Eric Marienthal, a feisty saxophonist, was left with the reedy declamation that God intended for the alto.

Moving quickly through older material to tunes from the latest offering, *Beneath the Mask* (GRP). Corea closed with an extended blue homage to Miles, his pre-audit employer. The thumping stop/start fusion suite was played with such verve and vigour by the leader, a muso close by me was moved to comment, "It makes you want to cut your fingers off".

★

The night before, saxophone virtuoso John Harle wound up his *Shadow of the Duke* tour at the Bloomsbury Theatre, which is where most of the Camden festival is taking place. Clumsily billed as the BT John Harle Band, the project is intended as a tribute to Duke Ellington and features some surprising Ellington/Strayhorn compositions as well as standards such as "The Mooche" and "In a Mellotone". (Incidentally, didn't EMI do well to arrange for BT to chip in for Harle's tour and album? The company, which also owns the Blue Note label, has persuaded hi-fi manufacturer Technics to co-sponsor its showcase of new British jazz talent as part of the festival and the recording to follow in the Summer.)

Harle's *Shadow of the Duke* is not on Blue Note but on EMI Classics which gives a clue to his musical orientation. Classically trained as a soloist, he regularly has concertos written for him. He is a composer and a conductor, and one of his many major film soundtracks has won a Cannes gong. He tours with the Michael Nyman Band, is Professor of Saxophone at the Guildhall and plays children's concerts. He is Mr Perfect.

But can he play? Yes, and some in this concert of two parts beginning with a series of dramatic, thematic suites co-written with score composer Stanley Myers and executed by the eleven pieces. Marred only by arrangements which called for drums in clumps, the two sawing synths and bright brass led by Henry Lowther's trumpet were an ideal backdrop to Harle's sweet toned soprano. The mixture of Ellington compositions for the second half was thoughtfully chosen, from the dreamy vibes with voice on "Caravan" to the luxurious soprano confection of "Sucrier Velours". "Sonnet for Caesar" and "Star Crossed Lovers", were eerily tape looped and filled with gravity, eventually bursting triumphantly into "In a Mellotone". Harle's own tribute, "The Shadow of the Duke", closed with him pitching in perfectly to match Sarah Leonard's soaring soprano top line.

Festival ends March 28
Information: 071-860-5866
John Harle sponsored by BT

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

■ AMSTERDAM

Concertgebouw 20.15 Hans Vonk conducts the Royal Concertgebouw Orchestra in music by Stravinsky, Jolivet and Tchaikovsky, also tomorrow. Sat afternoon: Arnold Ostman conducts a concert performance of Rossini's La donna del lago. Sun afternoon: Bach's Matthew Passion. Sun evening: Kathleen Battle sings arias and songs by Massenet and Duparc (6718 345)
Muziektheater 19.30 Julian Reynolds conducts Pierre Audi's production of Mozart's Mitridate, also Sun afternoon. Tomorrow and Sat: ballet triple bill (6255 455/credit card bookings 6211 211)

■ BERLIN

Deutsche Oper 20.00 Jiri Kout conducts Günter Krämer's production of The Makropoulos Case, with Karan Armstrong as Emilia Marty. Tomorrow: Entführung. Sat: Fidelio. Sun: Tannhäuser with René Kollo (West Berlin 3410 249)
Staatsoper unter den Linden 19.30 John Cranko's ballet The Taming of the Shrew. Tomorrow: Die lustigen Weiber von Windsor. Sat: Madama Butterfly. Sun: Lohengrin (East Berlin 2004 762)

■ CHICAGO

Orchestra Hall 20.00 Daniel Barenboim conducts the Chicago Symphony Orchestra in a programme including Shostakovich's Second Violin Concerto, with Gidon Kremer, repeated tomorrow and Sat. Sun afternoon: Barenboim conducts the Civic Orchestra of Chicago. Sun evening: Montagnana Trio (435 6666)

■ FRANKFURT

Alte Oper 20.00 Percy Sledge presents an evening of Memphis Soul. Sat: Lorin Maazel conducts Schumann, Debussy and Ravel. Sun morning: David Geringas plays Haydn's C major Cello Concerto. Sun evening: Ivo Pogorelich (1340 400)
Opernhaus The repertory currently includes Un ballo in maschera (tomorrow and next Wed), William Forsythe's ballet Isabelle's Dance (Sat and next Thurs) and Kurt Weill's Mahagonny on Sun (236061)

■ HAMBURG

Staatsoper 19.00 Le nozze di Figaro, also Sun. Tomorrow: Don Pasquale. Sat: Sleeping Beauty (351721). Sun morning and Mon evening in Musikhalle: Peter Schreier conducts Bach's St Matthew Passion (343044)
Deutsches Schauspielhaus 19.00 Hamlet directed by Michael Bogdanov. Tomorrow: The Cherry Orchard. Sat and Sun: Bernhard Minetti of the Berlin Schiller Theater in a stage adaptation of Grimm's Fairy Tales (248713)

■ LONDON

THEATRE
● Henry IV Part 1: the Royal Shakespeare Company returns to the refurbished Barbican with Adrian Noble's production first seen at Stratford last year, with Robert Stephens as Sir John Falstaff. Now previewing, opens next Tues (071-638 8891).
● *The Recruiting Officer:* Nicholas Hytner directs the National Theatre's new production of George Farquhar's 1706 comedy. The NT repertory also includes Murmuring Judges, David Hare's new play about the judiciary; Alan Bennett's The Madness of George III starring Nigel Hawthorne; and Chekhov's Uncle Vanya starring Ian McKellen and Antony Sher (071-928 2252).
● Never Mind the Ballot Box: the Royal Court hands over its stage to some of London's leading comedians for a short season in the run-up to the general election. Ends April 4 (071-730 1745).
MUSIC AND DANCE
Covent Garden 19.30 Steuart Bedford conducts Death in Venice, with Philip Langridge as Aschenbach. Tomorrow and Sat: Royal Ballet triple bill, including new MacMillan work (071-240 1066)
Coliseum 19.30 Harry Bicket conducts David Freeman's ENO production of Monteverdi's Orfeo, with Anthony Rolfe Johnson, also Sat. Tomorrow: Il barbiere di Siviglia (071-836 3161)
Royal Festival Hall 19.30 Walton memorial concert: Prunella Scales narrates Façade and Nobuko Imai plays the Viola Concerto. Tomorrow: Mark Wigglesworth conducts the LPO. Sat: Young Musicians Symphony Orchestra. Sun: Claus Peter Flor conducts the Philharmonia, with Martha Argerich piano soloist (071-928 8800)
Barbican 19.45 Kazimierz Kord conducts the Warsaw Philharmonic Orchestra in Lutoslawski's Trauermusik, Ravel's Piano Concerto in G (soloist Ewa Poblocka) and Strauss' Ein Heldenleben. Tomorrow: Andrew Davis conducts the BBCSO in Nielsen's Fifth Symphony. Sun: Richard Hickox conducts the LSO in Walton's Henry V music (071-638 8891)

■ MILAN

Teatro alla Scala 20.00 Riccardo Muti conducts Iphigénie en Tauride, with Carol Vaness, Thomas Allen and Gösta Winbergh. Tomorrow, Sat and Sun in Teatro Lirico: Sciarrino's Perseo e Andromeda (7200 3744)

■ NEW YORK

Metropolitan Opera 20.00 James Levine conducts first night of Otto Schenk's new production of Elektra, with Hildegard Behrens in the title role. Tomorrow: Le nozze di Figaro. Sat: Rigoletto (362 6000)

■ PARIS

Théâeatre des Champs-Elysées 20.30 David Zinman conducts the Orchestre National de France in Brahms' Second Piano Concerto (soloist Bruno Leonardo Gelber) and Second Symphony. Sun: Alfredo Kraus (4720 3637)

■ PRAGUE

Tonight's Prague Symphony Orchestra concert in the Smetana Hall features Garrick Ohlsson as soloist in Rakhmaninov's Third Piano Concerto (u Prasne brany 2, 232 5858). Tomorrow and Sat: Libor Pesek conducts the Czech Philharmonic in music by Jan Klusak, Mozart and Suk (231 9164). Sat at the Prague State Opera (formerly Smetana Theatre): Martin Turnovsky conducts Verdi's Otello. Sun: first night of new production of Zemlinsky double-bill. The National Theatre repertory includes La bohème tomorrow and Die Zauberflöte on Sun.
For pre-booking and information about other events, contact city centre ticket agencies (Bohemia, Na Prikope 16, 228738, or Melantrich, Wenceslas Square 38, 228714) and theatre box offices.

■ UTRECHT

Vredenburg 20.15 Jeffrey Tate conducts the Rotterdam Philharmonic Orchestra in a programme including Schoenberg's Piano Concerto (soloist Mitsuko Uchida) and Haydn's Symphony No 99, repeated in Rotterdam tomorrow evening and Sun afternoon. Tomorrow in Utrecht: Lev Markiz conducts the Nieuw Sinfonietta Amsterdam. Sat: Flamenco Festival. Sun afternoon: Jean Fournet conducts the Netherlands Radio Philharmonic Orchestra in music by Franck and Dukas (314544)

■ VIENNA

Staatsoper 19.00 Aida with Sharon Sweet, Giuseppe Giacomini and Alain Fondary. Tomorrow: Der fliegende Holländer with Monte Pederson as the Dutchman. Sat: Salome. Sun: Entführung (51444 2960)

Musikverein 19.30 Midori plays violin sonatas by Handel, Beethoven and Fauré. Tomorrow evening, plus Sat and Sun mornings: Claudio Abbado conducts the Vienna Philharmonic's 150th anniversary concerts. Sun evening: Mirella Freni and Nicolai Ghiaurov sing arias and duets (505 8190)

Konzerthaus 19.30 Dmitry Sitkovetsky is violin soloist in a concert by the German Youth Philharmonic Orchestra. Tomorrow: Ingo Metmacher conducts Roslavets, Mussorgsky and Mossolov. Sat and Sun: Thomas Hengelbrock conducts the Vienna Symphony Orchestra (712 1211)

European Cable and Satellite Business TV
(all times CET)

MONDAY TO FRIDAY

CNN
2000-2030, 2300-2330 World Business Today – a joint FT/CNN production with Grant Perry and Colin Chapman

Super Channel
0830-0900 (Mon) FT East Europe Report – weekly indepth analysis from FTTV
0830-0900 (Tues) Spiegel TV – Intl Report – the real world of documentary
2130-2200 (Tues) Media Europe – what's new in European media business
2130-2200 (Wed) FT Business Weekly – global business report with James Bellini
0830-0900 (Thurs) Media Europe
2130-2200 (Thurs) FT Eastern Europe Report
0830-0900 (Fri) FT Business Weekly
2130-22.00 (Fri) Spiegel TV – Intl Report

Sky News
0130-0200 (Mon), 2130-2200 (Thurs), 0530-0600 (Fri) FT Business Weekly

SATURDAY

CNN
0900-0930 World Business This Week – a joint FT/CNN production
1900-1930 World Business This Week

Super Channel
1930-2000 FT Eastern Europe Report

SUNDAY

CNN
1030-1100, 1800-1830 World Business This Week

Super Channel
1800-1830 FT Business Weekly

Sky News
1330-1400, 2030-2100 FT Business Weekly

FINANCIAL TIMES
Number One Southwark Bridge, London SE1 9HL
Tel: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Thursday March 26 1992

Mr Kinnock's left luggage

THE LABOUR party has gone a *long way towards transforming* itself into a modern social democratic party; but not far enough. *Nationalisation* and indicative planning are out, competitive market forces are in. Yet Labour remains encumbered by intellectual baggage from the past. Already its statutory minimum wage is withering in the heat of the election campaign; it does not belong in Labour's new market garden. A little more pruning is still *required*.

The minimum wage is a notoriously blunt method of achieving the goals Labour has set for itself. The UK does have more poverty than a wealthy society should tolerate; it has more low skill-low wage employment than a developed economy should have; and it pays some public sector workers *too little*.

Yet the minimum wage will leave most poverty untouched. Child benefit, however inefficient, does at least ensure that the poor families benefit as much as do the more wealthy. Not so the minimum wage. Most low paid workers are second or third income earners in higher income families. The Institute for Fiscal Studies estimates that the gains to the richest 50 cent of the population will outweigh the gains to the *lowest* 50 per cent. True, the proportionate gains are larger for low income *families* where someone works, as a recent National Institute report points out. But the core poor – *the unemployed, old and infirm* – will not benefit. Only 13 per cent of the beneficiaries are in the poorest 20 per cent of households.

Moreover, unemployment and therefore poverty will increase as a direct result of the minimum wage, as Mr Neil Kinnock implicitly acknowledged yesterday. He endorsed an earlier National Institute study which suggested that the gains in higher tax revenue will outweigh the higher public spending on wages. But it also *estimated that upwards of 100,000* jobs would be lost. The market for chief executives may not be competitive; but the market for unskilled workers is fiercely so.

There is still time for Labour to inject some sanity into its proposals without making a complete U-turn. The decision to delay its introduction until 1993 makes sense. By *then* unemployment may be levelling off while £3.40 will be substantially less than half *of male median earnings*. But Labour should go further. If it must follow a European example, it should follow Germany and set separate minimums for different regions and different industries. Moreover, an automatic link with male median earnings should be dropped, at least until the policy's employment effects have been assessed, while a sub-minimum should be added for people aged under 35.

France has eschewed the sub-minimum option. Instead, it requires employers to pay the *minimum wage to young* people, and then subsidises their employment in a vain attempt to reduce *very high* youth unemployment. That is one continental practice Labour should try to avoid.

Turkey's civil war

SINCE 1984, Turkey has been *struggling with a guerrilla war* in its south-eastern provinces, launched by the separatist Workers' Party of Kurdistan (PKK). Last year, there seemed real hope of a political solution. President Turgut Ozal won popularity among Turkey's Kurds by backing their kinsmen in Iraq, and by legalising the Kurdish language.

His opponent, Mr Süleyman Demirel, who became prime minister in November, went further, releasing many political prisoners and acknowledging the existence of a Kurdish "identity". The PKK responded with a ceasefire.

Alas, by late December the ceasefire had broken down. The *Turkish armed forces, apparently* paying little attention to Mr Demirel's statements, continued to fight the PKK with their familiar methods, terrorising the civilian population and carrying out raids across the border into Iraq. In recent weeks, things have got worse, with terrorism spreading to the cities of western Turkey, all of which have large Kurdish communities. Last week, the Kurdish new year was marked by mass violence, with more than 60 deaths.

Mr Demirel has now promised to seal the Iraqi border with a wall. *He* must know that this is both impossible and largely irrelevant. The heart of the problem is not *the* PKK *bases in Iraq or Lebanon*, but the support it enjoys inside Turkey. If the authorities continue trying to suppress it by force they are condemning the country to a long civil war, in which ethnic clashes in the western cities – hitherto virtually unknown – will soon play a part. The effect will be to abort Mr Demirel's liberal policies and paralyse the country's foreign policy, by alienating European and American public opinion at the very time when Turkey's strategic importance, both in the Middle East and in relation to the Turkic-speaking ex-Soviet republics, is opening new diplomatic opportunities.

None of that is what Mr Demirel wants. Nor should it be what Mr Ozal wants, since it would undo all the work he did as prime minister and president to turn Turkey into a modern and outward-looking economic power. He *should resist the temptation to* turn the tables on Mr Demirel by an appeal to Turkish nationalism, *or to the* military. *Nor, indeed*, should it be the aim of the military themselves, who are the guardians of Turkey's secularist and western-oriented tradition. They should recognise that the policy pursued up to now has not suppressed Kurdish opposition but has inflamed it and provoked a brutal guerrilla war, and that the only hope of preserving Turkish unity now lies in recognising the Kurds' identity and granting them real autonomy.

The Kurds on their side must realise how long, bloody and *uncertain would be the road to* independence via civil war, given that not only Turkey but Iran and Iraq also oppose it. They *should* still be ready to compromise, if compromise is offered.

Sickly Labour

IN PUSHING health to the centre of the election campaign, Labour has played its ace; the ace of bleeding hearts.

An emotive party political *broadcast, suggesting that the* Conservatives want a two-tier health service, with the consequence that some sweet little girls will suffer months of earache while others will pay and get immediate attention, will have its intended effect.

There is controversy over whether this work of "faction" is an act of deceit. Labour says the film was based on a real case, but yesterday brought a whirl of claim and counterclaim *as politicians*, the hospital consultant and the girl's family were caught up in the fray.

The faction of the film, however, is nothing compared with the *fiction of Labour's central claims* about the National Health Service.

Labour has two proposals for *the NHS: that it will provide more* money and that the managerial reforms initiated by the govern*ment will be reversed*.

On the first count, it has to be doubted whether in the next par*liament* any *government will* be able to afford significant extra spending on health. With the *1992-93 public sector borrowing* already at £28bn (£36bn without privatisation receipts) and growth *prospects murky, the first post*-election budget may well be about raising taxes or cutting spending *or both. Labour cannot simulta*neously argue that the Conservatives will have no room to achieve their desired tax cuts – they will not – and that it will add large sums to public spending; or at least it cannot do so without saying where its additional taxes – *beyond those already announced* by Mr Smith – will fall.

The £1bn which Labour yesterday promised for the NHS (budget, £36 bn a year) is not enough to make a serious difference to the problems Labour accuses the government of creating.

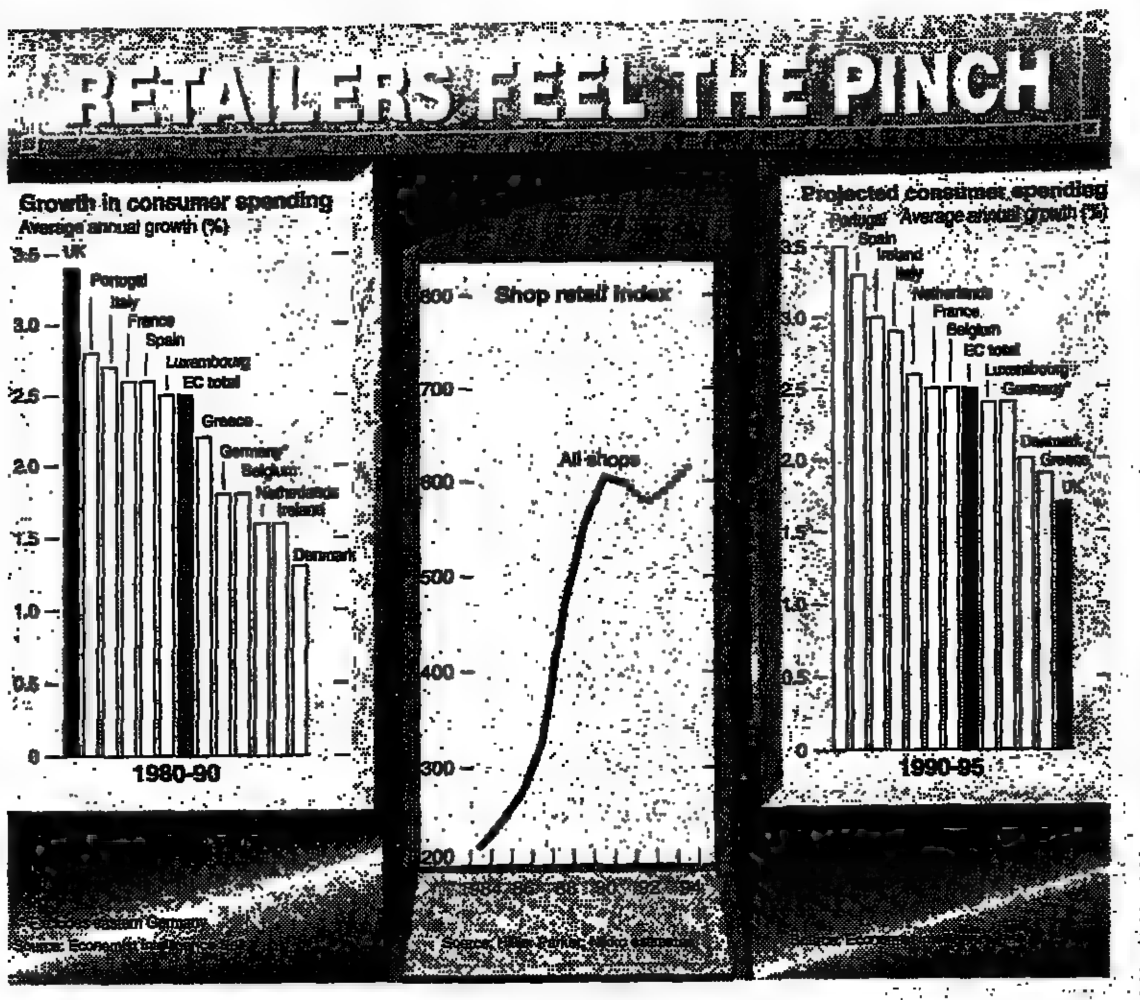
Worse, by turning its back on the reforms, Labour would allow the NHS to lapse into its chronic malaise of counting the cost of nothing, because there would be a lack of individual and institutional incentive to be more efficient. This may be aggravated by *the costs of the proposed mini*mum wage and Labour's uncertain mettle on public sector pay.

The National Health Service is, by and large, a success story. It has contained the cost of health *care in the British economy at* a lower relative level than in most other industrialised countries and *has done so without losing popu*lar support.

Mrs Thatcher made the dreadful *error of flirting with privatisation* of the NHS, for which Mr Major is now paying the political price. It *is because of Mrs Thatcher* that Mr Major has no adequate answer to Labour's propaganda. But by *cranking up public expectations* on the one hand and re-assuring the health professionals that *under Labour it will be unchecked* bureaucracy as usual, the party is selling short the service it created.

Hardship in the high street

In the sober 1990s, retailing is undergoing a sea change. **John Thornhill** reports



For British retailers, the 1980s are a dim memory. As the big groups report falls in profits and predict further shake-outs in the high street, the extent to which the recession has reversed industry fortunes is painfully clear.

The 1980s saw an unprecedented *surge in consumer spending, which* led to a relentless flow of ever-increasing profits and swept the industry into a state of near-frenzied excitement. The slogan "shop 'til you drop" seemed to sum up the spirit of the age.

As John Brady, a partner at McKinsey, the management consultant, says: "The 1980s were a dream for retailers – an era when almost anybody on the high street made money just by being there."

Now, even the stronger retailers are struggling. On Monday, Argos, the catalogue showroom retailer, reported a 17 per cent fall in profits and spoke of "the most difficult retailing environment since the company was founded in 1973". Yesterday, the Kingfisher group, which embraces B&Q, Woolworths, Super*drug and Comet, announced* a 10 per cent fall in pre-tax profits after exceptional items and forecast restructuring among its weaker competitors.

High streets throughout the country have been transformed as familiar retailing landmarks have been hit. The Lewis's department stores which dominated town centres in many provincial cities collapsed last year. And, according to figures from KPMG Peat Marwick, the accountancy firm, more than 300 retailers went into receivership last year.

While the overall picture is bleak, there are glimmers of light. Food retailers have remained largely immune from the downturn because of stable demand. And investment is picking up. 3i (Investors in Industry), the venture capital company, reports an accelerating investment trend as small, financially sound independent chains (mainly from the north of England and Scotland) expand in the depressed areas of the Midlands and the south-east.

Overseas retailers have also been quick to enter the UK market in an effort to build market share. Five of the six biggest acquisitions of UK retailers last year were made by overseas companies, with famous names such as Daks Simpson and Harvey Nichols falling to buyers from the Far East. These new entrants will only intensify the pressures on established UK retailers, adding to fears about their future profitability.

Compounding the grim outlook, there is a growing belief that a sea change in the nature of retailing has recently taken place, and that the 1990s will pose unparalleled challenges.

● The constraints of belonging to the exchange rate mechanism of the European Monetary System are *likely to ensure that the UK* economy will experience slower – if more stable – rates of economic *growth than in previous decades*.

"Sales growth in the 1970s was driven by inflation and in the 1980s by very high levels of consumer credit," says Sir Richard Greenbury, chairman and chief executive of Marks and Spencer, the food and clothing retailer. "Life will be much tougher in the 1990s. There won't be so much margin for error."

In the 1980s, retail sales, fuelled by financial deregulation and strong economic growth, increased in real terms by 20 per cent. Verdict, the retail consultants, suggest that in 1990-95 sales will rise by 8.3 per cent.

● The rising costs of operating on the high street will continue to squeeze margins. The retailers' main occupancy costs – rents, rates, electricity and security – are continuing to increase at a faster rate than sales.

Although new rent levels are beginning to fall fast, many retailers are still facing a rising bill because they are bound by five-year contracts which reflect the excessive demand levels of the late 1980s, when retailers bid up prices in their scramble to acquire new sites.

The Uniform Business Rate, introduced in 1990, has also imposed a heavy burden on many retailers. As a result of the UBR, a national *chain stores group faced an average* annual increase of 15 per cent in its rates bill for the following five years. *Last month's Budget* gave retailers a "breathing space" by freezing this year's rates increase but the cost pressures will resume next year.

The possible introduction of a minimum wage if the Labour party wins the general election will add another element to cost pressures.

● The UK retail market currently suffers from a structural imbalance: put simply, there are too many shops chasing too few sales. The recession may have helped choke off some of the more speculative retail developments, but big chains, such as Sears and Ratners Group, are now closing stores in the saturated shoe and jewellery markets.

In the US, excess retail capacity has led to the era of the "permanent sale" to the detriment of retailers' margins. Some retailers fear that a similar, if smaller-scale, phenomenon has developed in the UK as the recession has resulted in widespread price cuts.

● The changing nature of consumer demand will also impose new constraints. First, the recession has encouraged the growth of discount stores with implications for all retailers.

"*It doesn't mean that you have to* discount like a crazy man. But you will have to provide the consumer with *consistent evidence of value*," says Sir James Blyth, chief executive of Boots, the chemists.

Second, the environmental movement has spawned an increase in "ethical shoppers" who are concerned about the consequences of their consumption.

Third, the ageing population is leading many retailers to adapt their approach to customers. The Ratners jewellery chain thrived on selling "flash trash" to teenagers but will have to redefine its target market as young people decline as a percentage of the population.

All of these considerations are likely to accentuate the trend towards strengthening the strong and weakening the weak, a development which has been such a marked feature of the recession.

On one hand retailers such as Marks and Spencer, Boots, W H Smith and John Lewis Partnership, have battled their way through the downturn in reasonable shape. Their resilience stems from strong customer loyalty, conservative financing and low operating costs.

M and S, for example, retains a £1.3bn portfolio of freehold property, accounting for 28 per cent of all that held in the retailing sector. Unlike many competitors, M and S *has largely sidestepped the cost* pressures from increasing rents.

According to a study by Nikko *Securities, the Japanese stockbro*ker, M and S's rent bill represents only 1.1 per cent of its £5.8bn yearly sales, compared with 8.3 per cent of £1.7bn annual sales at Burton Group, the next biggest competitor in the clothing industry, which sold and leased back its freehold sites.

Another group of relative winners may be called the scientifically-managed companies, which rely far more on professional management skills than retailing flair. Retailers such as Argos and Kingfisher place a premium on "backroom" retailing functions, emphasising cost control, the effective use of information technology, and the efficient management of goods from the suppliers' gates to their shop shelves.

On the other hand, weaker retailing companies have suffered more from cost pressures on the high street. In many cases their problems have been compounded by over-expansion and financial over-extension. Seduced by the appeal of a seemingly good idea, retailers such as Sock Shop expanded beyond their capacity to manage effectively. Others, such as Burton Group, diversified disastrously into property development.

Many of the glamour stocks of the 1980s, such as fashion groups Next, Laura Ashley and Storehouse (which runs BhS, Habitat and Mothercare), have seen drastic falls in their profitability, but have assured their survival by slimming operations and reducing high levels of debt by means of asset disposals. But how rapidly they can return to sustained profitability remains open to doubt. Although their profits may rebound quickly when sales recover, they will face a longer-term struggle to remain competitive against nimble independent chains and aggressive forms of retailing, especially in out-of-town locations.

One of the most notable examples of the so-called "category killer" – which sells high volumes of discounted goods, killing competitors in a chosen market – is Toys "R" Us. *In the seven years* it has operated in the UK, the US-based chain has revolutionised the UK toy market. *Its* 33 stores have seized almost a fifth of the total market, leading to the demise of a string of smaller specialist chains.

The concept is spreading to other sectors: Ikea, the Swedish furniture retailer, has opened three stores with great success; PC World, a privately owned computer retailer, has opened a discount computer superstore in Croydon and is set to open another outlet *in north London* by May. Nevada Bob, the US-owned chain of golf shops, has six outlets in the UK and plans to open more than 40 stores by 1995.

The internationalisation of retailing, spurred by the recession, is raising both competitive pressures and opportunities for UK retailers. Many groups, from John Menzies to Dixons, which both fell foul of differences in the US market when they entered it in the 1980s, have experienced the pitfalls of trying to export a winning formula. In the 1990s, the emphasis is shifting from acquisitions in north America to slow, but steady expansion of existing stores in Europe. M and S, for example, has switched its focus from North America, where it owns the Brooks Brothers clothing stores and the King's supermarket chain, towards growth opportunities in Europe. Sir Richard Greenbury describes expansion in Europe as the company's "immediate priority", and says he aims to open 40 *stores as quickly as suitable sites* become available.

As a more subdued retailing climate evolves over the 1990s, the industry will be faced with the challenge of extracting growing profits from a static sales base. To do this, it will have to squeeze extra productivity from existing physical and human assets; it will need tighter management; and it will have to create demand, not just satisfy it.

But although the heady days of the 1980s have long since faded, the principles that underpin retailing remain the same. As Sir Simon Hornby, chairman of W H Smith, the chain of newsagents, says: "Retailing is nothing more than putting the right product in the right place at the right price."

Yet never has it been so difficult to achieve something so seemingly simple.

Book Review

A better class of reader

THE GOOD, THE BAD AND THE UNACCEPTABLE
By Raymond Snoddy
Faber & Faber, £14.99

The debate over the freedom of the press in Britain is full of those apparently unresolvable contradictions that brilliantly illuminate society's continuing divisions. It might dismay those who would have us believe in the arrival of a classless society but it is undeniable that the central split is one of class.

For this is one nation with two distinct presses appealing to different audiences, with different concerns, applying different criteria to achieve different ends. On one side is the growing minority, mainly the upper and middle class but including an educated section of the working class, forming an articulate, literate elite which reads the serious *broadsheet newspapers. On the* other is the vast majority, the working class, which buys millions of tabloid papers every day.

While broadsheets publish what they believe to be in the public interest, tabloids, to survive, must publish what interests the public. Experience has shown that the public tends to be very interested in the salacious and sensational.

Newspaper articles from past centuries, as noted by Ray Snoddy in his book, The Good, the Bad and the Unacceptable, prove that there has long been a public appetite for crime, sex and gossip about celebrities, especially royalty.

In the past 50 years there have been frequent demands for a clean-up and, inevitably, popular papers have sought to defend themselves by asserting that any interference by parliament is a threat to freedom. In these battles, broadsheets have been forced to defend their rude tabloid cousins. They realise that any diminution of freedom for the tabloid press would threaten what they regard as legitimate journalistic investigations.

The outcome of these conflicts between press and government has been self-regulation; in return for good – well, goodish – behaviour by newspapers the government agreed not to enact laws to restrict press freedom.

The latest manifestation of self-regulation, the much-vaunted Last Chance Saloon, is the Press Complaints Commission backed up by a code of behaviour agreed jointly by tabloid and broadsheet editors.

As one of the people who helped draft the code I was aware of the *strains between the two branches of* the press, not to mention the third branch of regional papers. Nevertheless, although there were *some* imperfections, we agreed a written code and there has been a discernible rise in standards among the tabloids in the past year. I doubt that it will last if the threat of legislation recedes and tabloid circulations continue to plunge as they have done in the past 12 months.

A couple of years ago I interviewed, for a BBC film, tabloid readers as they were buying the paper of their choice. I asked three questions: Why do you buy it? Does it worry you that many stories might be untrue or sensationalised? If you found out that the paper was regularly publishing untrue stories would you stop buying it?

There was an unsurprising unanimity. The papers were bought because they were entertaining or presented news in an easy-to-read way; buyers were relatively untroubled by whether stories were true, often claiming they could tell where facts ended and fiction started; therefore, they could not imagine why lack of veracity should make them give up their daily habit.

Readers are notorious for their hypocrisy, though. Snoddy quotes a survey in which people were largely against the reporting of adultery involving those outside the public eye and against press intrusion into the lives of the royal family. That may be what they say but it is what they do that counts; it is well-known that stories of illicit sex and royal tittle-tattle continue to be big sellers.

If readers cannot help, what about proprietors? Snoddy, who has managed to get most of them talking at some length, places a lot of faith in owners as sensible guardians of standards. But declining profits, or changing ownerships, can erode the best of intentions. Snoddy therefore argues for the formation of a Council of the Press, embracing owners, editors and journalists from every kind of newspaper, *to act as self-regulator* on standards and campaigner for greater press freedom.

This is *not the kind of suggestion* to oppose but I remain sceptical about its having any chance of success, since it appears to attack the problem from the wrong direction.

If the central contradiction is embedded in class-based culture, and we can see how education is having a slow but positive effect in changing newspaper reading habits, then the real effort must be in improving educational standards.

My fear is that falling tabloid circulations are due not only to people graduating to the broadsheets but to people failing even to reach a measure of literacy to read popular papers. That should worry us more than whether the royal family is upset at papers peeping over the wall of Buckingham Palace.

Roy Greenslade

The reviewer was editor of the Daily Mirror 1990-91. His biography of Robert Maxwell will be published on April 27

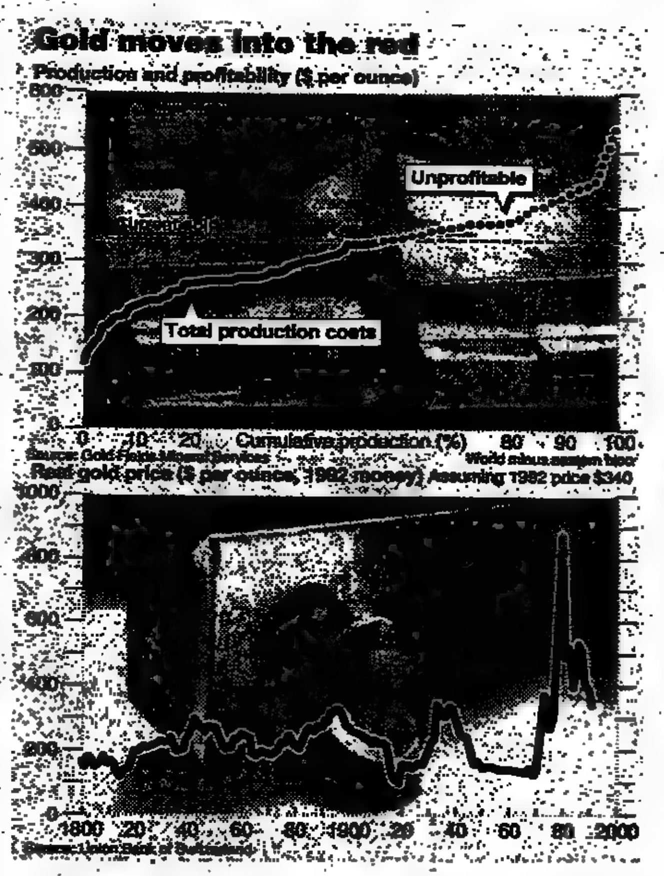
Ken Gooding explains why the price of the yellow metal has fallen so steeply, and examines the effect on the mining industry

All that is gold no longer glisters

The price of gold has fallen to its lowest level for nearly six years, prompting some desperate producers to consider accelerating mine closures and to cut production further.

The global stock market crash in 1987; war in the Gulf; political turmoil in South Africa, the largest gold producer; and collapse of the former Soviet Union, once the second-largest producer, have all failed to reverse the downward trend. Reduced demand, resulting from the international economic slowdown, and production at pre-recession levels have compounded the depression facing the industry.

Valued in Swiss francs, the yellow metal is at its lowest price since 1978. In Japanese yen it is at a 20-year low. In dollars – the principal currency for gold trading – the price has slumped from its peak of more than $800 in 1980 to less than $340 per troy ounce. At this level, according to the Gold Fields Minerals Services consultancy group, at least half the world's gold mining capacity is unprofitable.



Most of the uneconomic mines are in South Africa, where large workforces dig to depths of up to two and a half miles to extract the metal from narrow seams.

So far, no big South African gold mine has been forced to close. Instead, many companies have discontinued mining in uneconomic seams and concentrated on those where gold is more abundant and easily accessible. Jobs have gone: gold companies affiliated to the South African Chamber of Mines said employment fell from 505,262 in 1989 to 473,685 in 1990 – the lowest since 1980. There were thousands more redundancies last year.

Industry observers had forecast that this year the tide would start to turn. But many are having to rework their price predictions for 1992 because gold has fallen much further than they expected.

Last week the metal moved into uncharted territory, forced below $342 an ounce by relatively light, but consistent, selling at a time when there were even fewer buyers in the market than usual. Dealers suggest that this selling came from someone who needed dollars for gold so desperately that there was no time to take market conditions into account. Some believe the seller was an east European central bank, although not Russia's.

Several factors have combined to cause the present lack of demand. The market for gold jewellery, which accounts for more than half of demand, is weak because of the prolonged recession in industrialised economies.

Investors in North America and Europe have reduced their activity in the gold market for some years, preferring to invest their assets in interest-bearing financial instruments. At present, Middle East interest is seasonally low because it is Ramadan, a month of religious fasting which this year runs from March 6 to April 6. In Japan, one of the world's largest markets for gold bars and jewellery, demand has declined in the face of an economic slowdown.

Given the weak demand, the industry has been relying on falling supplies to revive the gold price

Elsewhere in the Asia-Pacific region, high interest rates and the opening up of financial markets have provided new opportunities for investors and hence have diminished the attraction of gold.

The market was also dealt a blow by India's budget proposals, announced at the beginning of March and to be implemented in April, which will lift the ban on gold imports and allow Indians living or travelling abroad to import 5kg of gold whenever they return to the country. The premium paid for gold smuggled into India has fallen 14 per cent in rupee terms. Since about 200 tonnes of the metal – 7 per cent of world sales – are smuggled into India each year, international prices have suffered.

Given the weakness of demand, the industry has been relying on falling supplies to revive the gold price. But it is taking a long time for low prices to eliminate uneconomic production. According to estimates by the Mining Journal, a respected industry publication, gold mines outside the former communist bloc last year produced a record 1,758 tonnes, 1.4 per cent more than in 1990.

Even in South Africa, where there has been widespread rationalisation, production was only slightly down – by 3.5 tonnes – to 601.9 tonnes last year. Mining Journal says that small mine closures accounted for 1.2 tonnes of the 3.5 tonnes.

But more substantial cuts in production are now in prospect. Mr Stuart Murray of Gold Fields Minerals Services, whose annual review of the gold market is the industry's statistical bible, suggests the first phase of cost reduction at the South African mines is now complete. He says: "The next stage will involve real cuts in production such as the closure of a large mine."

His views echo those of Mr Harry Oppenheimer, former chairman of the Anglo American Corporation, the world's second-largest mining company, who said recently: "Under present conditions South Africa's annual gold output could fall by somewhere between 100 and 200 tonnes, that is possibly by as much as 30 per cent, between now and the year 2,000."

Some Australian and North American high-cost gold mines which have protected themselves from today's low prices by selling gold forward on the futures market at guaranteed higher prices, are also running out of room to manoeuvre, suggests Mr Murray. As existing forward sales contracts expire, new ones are being offered on terms not nearly as attractive.

Furthermore, production difficulties in Russia and other former Soviet republics – ranging from shortages of equipment to shortages of capital – are limiting their exports of gold.

Despite these cuts in production, any recovery in price is likely to be limited.

The main problem is the practice of forward sales which is common among western gold producers. This enables producers to lock in a guaranteed profit in exchange for sacrificing a potentially higher return. When the price of gold rises, however, producers rush to sell more gold forward, placing a cap on any further increase.

Another less immediate difficulty may be the prospect of increased sales by central banks. Between them, the world's central banks hold 35,619 tonnes of gold, equivalent to 17 years' production. But many industry observers believe there is now less need to maintain such stocks.

European central banks, in particular, may consider reducing their positions. If the process of European monetary union runs smoothly, a single European central bank would control 40 per cent of the world's official gold reserves by the year 2000.

"A single European currency reduces the principal need for reserves of any kind – intervention in currency markets. A European central bank could economise on reserves," says Mr Andrew Smith, precious metals analyst at Union Bank of Switzerland. He says central banks might become net sellers of about 700 tonnes of gold a year from the mid-1990s.

Not everyone in the industry agrees with Mr Smith's ideas: central banks' collective gold holdings have hardly varied in the past 40 years. But just hearing them expressed sends shivers through the embattled gold mining industry.

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Kenya will proceed to elections

From Mr Simon B Arap Bullut.

Sir, According to Michael Holman ("An angry church confronts a troubled state in Kenya", March 24) "most western diplomats" believe that President Moi should "bite the bullet" and call an election. He writes that last year's expectations of an early election have proved wishful thinking.

Mr Holman cannot have it both ways. As he knows, the opposition parties complained loudly when they thought that President Moi would call an election in the first half of this year. They would not, they claimed, be prepared for an election campaign in such a short time.

In fact, there are important constitutional and administrative procedures to be undertaken before an election is held. Nearly 2m new new voters, out of a total of 11m voters, have to be listed on a new, computerised voters' register. Six thousand registration units/centres are being established as part of this exercise – which will then be open to prospective voters to inspect, to ensure accuracy. This is a time-consuming and costly exercise without which a free and fair election could not be held. Constitutionally, the election does not need to take place until early next year, at the end of the present parliamentary term.

Mr. Holman's assertion of a self-fulfilling prophesy, "designed to delay – perhaps indefinitely – an election", also requires refutation. President Moi is committed to a multi-party democratic process. He has taken urgent measures to quell the disturbances in western Kenya – and his recent visit to the affected areas was greeted with enthusiasm by the local people.

President Moi has always worked for a united peaceful Kenya. We are confident that he will guide Kenya successfully through this period of fundamental political change.

Simon B Arap Bullut,
high commissioner,
Kenya High Commission,
45 Portland Place,
London W1N 4AS

Go-between urgently needed to resolve Russia's 'Falklands'

From Masayuki Tomimoto.

Sir, Edward Mortimer's article, "Cost of Russia's Falklands" (March 25), made an important suggestion to world leaders about solving the northern territorial problem between Japan and the former Soviet Union.

Both countries have discussed the problem for a long time and have entered a cul-de-sac. The other day, the Russian president, Boris Yeltsin, said "Japan is regarded as one of our allies", but he will surely hesitate to take a bold step to solve the problem, considering the pride of the nation and the practical gains of the inhabitants on four islands.

Although the Okinawa islands were returned to Japan through the direct talks between Japan and the US, the relationship between Japan and Russia is so complicated historically that the northern territorial issue cannot be solved easily by direct negotiations. So, a geo-political solution is desperately needed with the help of a go-between like Mr James Baker. Regrettably, we are not pleased to co-operate with Russia to rebuild that country until the spine between two countries is pulled out.

Masayuki Tomimoto,
5-48-28 Mukonoso Amagasaki,
Japan 661

Pensions should be insured

From Mr James Carty.

Sir, You report that the Maxwell companies and pension funds have filed a claim for £50m under insurance policies intended to protect them against fraud (UK Company News, March 19). The losses are said to be £900m.

To reassure the trustees that the assets of their pension funds are in safe hands some fund mangers have recently written to their clients to tell them that their investments are covered by fidelity and professional indemnity insurance.

On enquiry I have found that the level of cover provided is often totally inadequate to give any comfort to trustees that their assets are properly safeguarded from the ravages of a rogue predator.

In one case investigated by my firm the fund managers had a worldwide policy giving cover for £50m. The assets under management totalled £27bn.

The trustees of pension funds should make it their duty to obtain a copy of the professional indemnity and fidelity policies held by the fund managers who act for them and evaluate their worth. Trustees need to assess whether such policies, taking into account the level of cover and the exclusion clauses, provide them with the pro tection to which they are entitled.

Is there any reason why the Securities and Investments Board should not require that all fund managers should have insurance cover to at least the total level of funds they have under management?

If the internal control procedures in fund management institutions are sound the cost of insurance will not be excessive. If the internal control procedures are not adequate to safeguard pensioners' assets the sooner such institutions are closed down the better.

Trustees must rid themselves of the notion that they have to live with unsound custodial practices in order to make life administratively convenient for fund managers. The primary concern of trustees must be to ensure that pensioners are never again deprived of their hard-earned income at the most vulnerable time in their lives.

James Carty,
Robson Rhodes,
186 City Road,
London EC1V 2NU

Clean-up cost fears unfounded

From Mr Roger Manser.

Sir, Judy Dempsey's article "Inheriting the Earth" (March 18) was misleading. Foreign investors in eastern Germany and Poland need not be frightened of having to foot the bill for cleaning-up the sites of companies they acquire.

The Treuhand in Germany and the ministry of privatisation in Poland have both evolved ways to fund the clean-up of land owned by companies being privatised: the Treuhand using government finance, and Poland using funds from the sale of the company. However, in both cases, the investing company is expected to take on managerial responsibility.

Moreover, in order to ensure the remedial work is done cost-effectively, the investor in both countries is expected to contribute between 5 and 10 per cent of the cost.

Roger Manser,
Centre for Privatisation,
00-921 Warsaw,
Krucza 36,
Poland

London saved

From Mr Osman Streeter.

Sir, Vanessa Houlder fails to give credit to a justifiable case of *post hoc ergo propter hoc* when she writes that "the cost savings of moving to Canary Wharf have narrowed over the past two years, as rents in some parts of central London have halved" (Property Market, March 20). Indeed, they have – thanks almost entirely to the creation of new office capacity in Docklands. In the process, London has very possibly been saved from pricing itself out of the European office rentals markets.

To quote the conclusion of a recent survey: "London must find a way to improve its perception of itself and by others more fairly to reflect its relative strengths."

Osman Streeter,
Savile Club,
69 Brook Street, London W1

OBSERVER

Dual controls for Morley

■ There's a hint of the dual-personality about psychologist Kevin Morley, Rover's new marketing supremo.

On the one hand, he is managing director of the Rover's marketing division with a non-executive seat on the main board. On the other, he has just launched his own marketing company, Kevin Morley Group, which so far has only one client: Rover.

But he dismisses the idea of conflicts of interest. Not at all, says the man who claims never to have failed in anything he has done. After all, Rover is only the *first* of the new company's clients.

Besides signing up McCann Erickson's former UK head Jack Rubins as its chairman, Morley has netted some clever folk to run the Rover account, won from Saatchi and Saatchi's BSB Dorland agency.

Paul Jackson and Stuart Kendall who worked on the account at BSB, have crossed over to become executive director (client services) and director (head of art) respectively. Steven Smith has left The Birkdale group to be finance director, and Richard Smith is leaving J Walter Thompson in Detroit to be creative director.

Whatever Morley is paying them, he has found a bargain in his Marble Arch headquarters. Each of its 8,250 square feet is costing him only £9 or so whereas, until the recession, a £50 rate would have been modest.

As for his new Rover role, the buzz is that it has been handed to him as as a solace for not being given one of Rover's really top-flight jobs. But he didn't seem crestfallen at yesterday's launch of his own company.

Clasping a glass of celebratory wine and spreading his arms wide, he asked Observer: "Call all this second best?"

Futuristic

■ The New York Commodity Exchange, with a reputation more for slumped volumes than for innovation, has elected a woman as its new chairman, the first ever to head a US futures market.

Donna Redel, no back-office type, apparently more than holds her own in the rough and timble of the pits - earning a rebuke from the exchange some years ago for roughing up a male trader who shoved her the wrong way.

She also has connections. Executive vice president of family firm Redel Trading, she is the daughter of Comex ex-chairman Irving Redel.

Her affinities run closer to the large brokerage houses, and she won yesterday against Sidney Rothberg representing the interests of the independent traders.

She should not be bored trying to win new business for the fading exchange. Volume in silver and gold futures, two main contracts, has dropped off. Nor has Comex been unable to develop new attractive products.

Plenty of politicking is assured with yet another attempt at rapprochement between rival exchanges. Four out of five New York futures markets plan an expensive move to a new trading floor and possible merger. A mild compensation for her efforts, she will be Comex's first paid chairman, at $125,000 a year.

Writer's cramp

■ Yet another landmark in the UK recession. In the coming two days, 108 bankers accompanied by 54 lawyers

will line up at the offices of Theodore Goddard, the solicitors, to append their signatures to documents finalising the long-awaited refinancing of Brent Walker.

This will be the biggest corporate refinancing in UK history, involving £1.6bn of borrowings. It is also probably the longest and most turbulent attempt to rescue a company ever known.

Attempts to reconstruct its balance sheet began in November 1990 and the more memorable events since then have included a night of the long knives in the boardroom, a dawn raid by the Serious Fraud Office, a takeover attempt by Lonrho and endless bitter rows between the current board and the company's flamboyant founder, George Walker.

Even the process of getting the deal signed is a logistical nightmare. Brent Walker's long-suffering finance director, John Leach, will have to countersign every one of the bankers' documents on behalf of the company's 50 subsidiaries.

As a nimble finance director, he calculates quick-as-a-flash that he will be signing 2,500 times. If, when accomplished, all he has suffered is a pain in his hand, he will be relieved. Since joining Brent Walker, he has acquired a neurotic fear of unexpected disasters. Who can blame him?

Right then

■ "Oh dear," sighed Observer as readers' replies began rolling in to Monday's numeracy-style quiz. One of the first arrivals started by rasping: "You should have realised that a large number of actuaries read your column".

Then (poetic justice be praised!) he proceeded to fluff one of his answers.

The response is nevertheless impressive. As some entries mailed overseas before the Monday-night deadline may not yet have arrived, the solutions to the seven questions won't be given until next Monday morning. But of the 151 received so far, no fewer than 61 are all-correct.

At the same time, therefore, a tie-breaker will be printed to find the winner of the bottle of malt whisky. Since you're all so clever, it'll be a stinker.

Bulky

■ One question it won't be is: What is the largest-known prime number? – which has just been newly answered by the UK Atomic Energy Authority's Harwell laboratory at the cost of 19 hours on a Cray 2 supercomputer.

The latest result of the ceaseless search for the biggest number that can't be divided by anything except itself or one is $2^{756839}-1$ (two multiplied by itself 756,839 times, minus one). Written out conventionally it would have 227,832 digits, enough to fill seven pages of the FT.

FINANCIAL TIMES
Thursday March 26 1992

Labour holds slim lead as Tories attack opposition leader

British election campaign erupts as parties clash on health service

Photograph by Lydia van der Meer

Actress Glenda Jackson, standing as a Labour candidate in Hampstead and Highgate, north London, shares a platform with her Liberal Democrat rival yesterday

By Philip Stephens and Alison Smith in London

BRITAIN'S general election campaign exploded into a bitter row over the state-run health service yesterday after the Conservatives responded to controversial Labour claims of poor hospital funding with a series of personal attacks on its leader, Mr Neil Kinnock.

As angry exchanges signalled the start of much rougher phase in the campaign, Labour appeared to deflect an attempt by Mr John Major to discredit opposition claims, which centre on delays and inefficiency in state hospitals. The allegations were made in a Labour party broadcast shown on national television earlier this week.

A day of insults was followed by two opinion polls last night. One poll conducted by NOP showed Labour holding on to a three point lead over the Tories. The other poll by Gallup, put the two parties neck-and-neck, with Labour at 40.5 per cent, the Conservatives at 40 per cent and the minority Liberal Democrats at 16.5 per cent.

They appear to confirm the message of other opinion polls that Labour holds a small but distinct advantage.

Senior ministers fear that even if the polls begin to move in the Conservatives' direction by next week it may be impossible for the party to recover enough ground to win the April 9 election.

One minister predicted after yesterday's exchange of insults that the campaign would get "rougher and rougher". Labour strategists said that opinion has moved decisively in its direction, paving the way for an outright victory for Mr Kinnock.

The broadcast at the heart of yesterday's bruising exchanges dramatised the plight of a young girl forced to wait nearly a year for a National Health Service (NHS) operation. Alongside side her it presented another child who was treated immediately in the private sector.

As details emerged of the actual case behind the broadcast, the Conservatives launched a fierce attack on Mr Kinnock's honesty and fitness to govern. Mr Major led an all-out attack on Mr Kinnock after a hospital consultant alleged Labour had misrepresented the facts.

Speaking in Edinburgh, Scotland, the prime minister accused the opposition of having "no regard for the truth" in its campaigning on the NHS. He went on to bitterly attack the Labour leadership, saying: "Such men are unfit to govern, such men must never govern."

Mr Waldegrave, health secretary, likened the images to the propaganda in Nazi Germany during the 1930s.

Mr Kinnock fiercely defended the broadcast arguing it provided an example of the widespread "privatisation" caused by Conservative underfunding of the NHS.

Labour then released a letter that the hospital consultant involved had sent to the parents of the child last month, in which he listed shortages of beds and staff as the reason for the delays in treatment.

Election 1992, Pages 10-12
Editorial Comment, Page 16

Roh to shuffle South Korea cabinet after defeat at polls

By John Burton in Seoul

PRESIDENT Roh Tae Woo of South Korea is likely to reshuffle his cabinet and the leadership of the ruling Democratic Liberal party following the government's narrow defeat in Tuesday's National Assembly elections.

Mr Roh said the DLP's poor electoral performance was because of the "intra-party conflict" that had plagued the DLP since it was merged with two opposition groups in 1990. The party needed "a rebirth", he said.

The president is expected to hold a special cabinet meeting today. He will also discuss the political situation with Mr Kim Young Sam, the DLP executive chairman who led the election campaign.

Mr Kim's chances as the DLP candidate in the December presidential election have suffered a setback as a result of the assembly results. The party could be torn apart as a fight intensifies to find an alternative candidate.

The DLP lost control of the 299-member National Assembly by one seat, with 149 representatives elected. It is now negotiating with some of the 21 independents, who include supporters of former President Chun Doo Hwan, to obtain a majority.

President's dream reduced to ashes..........Page 4

The Democratic party, the main opposition group to the left of the DLP, increased its representation by 50 per cent to 97 seats based on a strong showing in the key Seoul region, where it captured 25 seats to the DLP's 16.

Several of the newly elected Democrat members were leaders of the student movement that pushed the country toward democratic reforms in 1987.

The new conservative party, the Unification National party, established by founder of the Korean conglomerate Hyundai, made an impressive debut with 31 seats, giving it a pivotal role in the new assembly.

Some analysts saw signs of polarisation in the election result. The Democrats gained on the left and the UNP and independent candidates on the right at the expense of the DLP. The latter has increasingly sought to occupy a moderate position in the political spectrum.

The DLP received 38.5 per cent of vote, the Democrats 29.2 per cent and the UNP 17.3 per cent. The turnout, at 71.9 per cent, was among the lowest for the country.

EC attacks US over stance on environment

By Our Foreign Staff

THE DIVIDE between the US and other industrialised countries over a commitment to reduce greenhouse gases widened yesterday after the European Community had charged that Washington was jeopardising the outcome of the UN Earth Summit in June.

Mr Carlo Ripa di Meana, EC environment commissioner, said President George Bush's refusal to commit the US to greenhouse gas reduction targets was an "attack on the very heart of the conference". This implied that the president was using the issue to garner domestic political support among car-users and industry.

In Washington, Mr Bush, who is expected to announce soon his decision to attend the summit, in Rio de Janeiro, reiterated his opposition to the imposition of targets for reducing carbon dioxide emissions – a goal of most other countries attending the conference.

In a message to Congress, Mr Bush said he hoped to reach agreement in Rio on "a global framework convention that will commit as many nations as possible to the timely development of comprehensive national climate action plans".

He said these plans should fit each country's particular circumstances. "This approach is preferable on environmental and economic grounds to the carbon-dioxide-only proposals."

The EC has set a goal to stabilise CO_2 emissions at 1990 levels by 2000, achieved in part through a plan for a mixed carbon and energy tax which would levy the equivalent of $10 a barrel of oil on all forms of non-renewable energy.

The EC Commission fears that member states will not endorse such a tax unless the US and Japan are prepared to adopt similar measures.

Democrat presidential race intensifies

Continued from Page 1

in New York and in Wisconsin, which also votes on April 7, would encourage the search for an alternative candidate.

In Connecticut, Mr Brown, the former governor of California, narrowly beat Mr Clinton, the current governor of Arkansas, by 37 to 36 per cent, with Mr Tsongas, whose name remained on the ballot, scoring 20 per cent. State rules meant Mr Clinton won more convention delegates, with 22 against Mr Brown's 21 and 10 for Mr Tsongas.

On the Republican side, President George Bush was again embarrassed by a one-third vote against his candidacy, even though he had little formal opposition. Mr Pat Buchanan won 22 per cent. Mr Bush, however, ended by winning all 35 convention delegates.

Turnout was abysmally low in both parties, with only 26 per cent of Democrats and 21 per cent of Republicans bothering to vote. In thanking his supporters, Mr Bush said he now felt "much more optimistic" about winning re-election. But he also provided the most apposite election night quote: "This is," he said, "a screwy year."

Mr Clinton must certainly feel this way. His campaign has been obliged to shift in New York and Wisconsin from focusing on Mr Bush to taking on Mr Brown.

Italy's widening budget gap hits shares

Continued from Page 1

1992 public sector deficit, the Bank of Italy had already criticised the weakness of this year's budget. Too much hope has been placed on increased revenues from a tax amnesty; while at the same time serious doubt has been cast on a slow decision-making process being able to accelerate privatisation to realise the planned L15,000bn due from this source.

Any agreement on which companies are to be privatised has been put on hold until after the elections.

This agreement, like that of a mini-budget, is closely tied to the formation of a new government.

With the election result likely to complicate the possibilities of renewing the present four-party coalition, the prospects of firm corrective measures being taken before the autumn are unlikely and will thus probably be unable to have to time to affect the 1992 deficit.

World Weather

		°C	°F
Ajaccio	S	12	54
Algiers	F	13	55
Amsterdam	C	7	45
Athens	S	17	63
Bahrain	S	19	66
Bangkok	F	36	97
Barcelona	F	11	52
Beijing	S	16	61
Beirut	S	17	63
Belfast	R	8	46
Belgrade	C	20	68
Berlin	R	3	37
Biarritz	C	9	48
Bombay		–	–
Bordeaux	C	9	48
Boulogne	F	8	46
Brussels	F	6	43
Budapest	F	14	57
Buenos Aires	F	23	73
Cairo	F	26	79
Cape Town	S	22	72
Caracas	C	30	86
Casablanca †	T	13	55
Chicago †	F	7	45
Cologne	C	3	37
Copenhagen	C	3	37
Corfu	F	15	59
Dallas †	S	7	45
Dublin	F	10	50
Dubrovnik		–	–
Edinburgh	C	9	48
Faro	S	16	61
Florence	F	11	52
Frankfurt	R	4	39
Geneva	F	5	41
Gibraltar	S	15	59
Glasgow	R	9	48
Helsinki	C	2	36
Hong Kong	C	23	73
Innsbruck	F	6	43
Inverness	R	9	48
Islamabad	R	13	55
Istanbul	S	16	61
Jakarta	R	32	90
Johannesburg	F	21	70
Lima	F	28	82
Lisbon	S	13	55
London	F	9	48
Los Angeles †	S	13	55
Luxembourg	C	5	41
Madeira	F	17	63
Madrid	C	9	48
Majorca	T	12	54
Malaga	F	15	59
Malta	S	19	66
Manila	F	35	95
Melbourne	S	31	88
Mexico City	C	33	91
Miami †	F	22	72
Milan	C	12	54
Montreal †	S	-8	18
Moscow	C	5	41
Munich	F	6	43
Nairobi	F	29	84
Naples	F	16	61
Nassau	C	26	79
New Delhi	R	22	72
New York †	S	1	34
Nice	S	14	57
Nicosia	F	17	63
Oporto	S	13	55
Oslo	F	5	41
Prague	C	5	41
Reykjavik	C	-1	30
Rhodes	F	16	61
Rio de Janeiro	C	35	95
Rome	F	13	55
Salzburg	F	7	45
S'Francisco †	F	14	57
Seoul	F	10	50
Singapore	F	32	90
Stockholm	S	3	37
Strasbourg	R	5	41
Sydney		–	–
Taipei	F	23	73
Tangier	F	14	57
Tel Aviv	F	19	66
Tenerife	C	18	64
Tokyo	F	13	55
Toronto †	C	0	32
Tunis	F	16	61
Valencia	F	14	57
Venice	C	12	54
Vienna	R	7	45
Warsaw	F	15	59
Washington †	S	2	36
Zurich	F	4	39

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

Lasmo comes clean

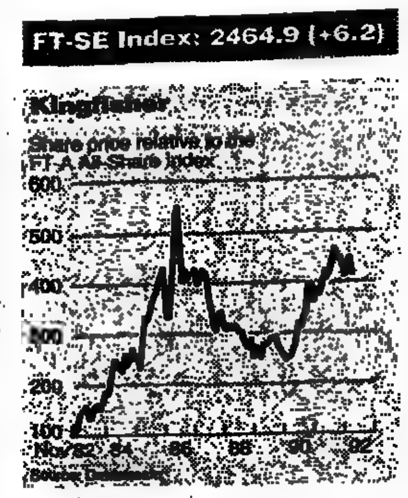
Investors must be hoping that Lasmo's past is not a reliable guide to its future. There is no doubting the enthusiasm with which it has reorganised its accounts. But its thoroughness implied a calculation that there would be no penalty for revealing past shortcomings, provided investors' gaze could be diverted towards the future of the combined Lasmo and Ultramar group. Its shares recovered from a sharp fall yesterday, so the gamble has paid off for now. All the same, the market ought to wonder whether it has been sold a dummy. Without Ultramar, Lasmo would be looking very sick indeed.

A £280m balance sheet write-down aside, the notable effect of the accounting changes was to reduce last year's stated earnings per share by 85 per cent, and 1990 earnings by nearly 60 per cent. Thus, over two years, including the Gulf war period of high oil prices, Lasmo paid 17p of dividends on earnings of 12.4p per share, instead of the previously stated 40.8p. Had investors known that, the group's paper would presumably not have been valuable enough to pay for Ultramar.

Further, the new method of accounting for tax allowances gave the 1991 operating line a £32m boost, limiting the loss to £8.5m. As for the decision to take a £22m extraordinary provision against losses on US properties which have not yet been sold, doubtless this was done to protect this year's vulnerable earnings by further lowering the point of comparison.

But perhaps this is to be too sceptical. Investors are surely more interested in the future, and, thanks to the Ultramar assets on its balance sheet, Lasmo looks a much better long-term bet than it did before. That said, if the oil price stays low the group could yet make another loss this year, and the market's disaffection with the entire sector means its shares are unlikely to forge ahead. There is no rush to buy.

FT-SE Index: 2464.9 (+6.2)



Kingfisher

Last year's 3 per cent advance in profits before tax and exceptional items looks a characteristically resilient Kingfisher performance. There may be room to quibble about the size and nature of the provisions at Comet, and to query a little the defensiveness of Superdrug. But the cash management success – a £100m reduction in group debt thanks to sound working capital controls, sharply reduced capital expenditure, and net disinvestment from property – is a model of how to manage at this point in the cycle.

Kingfisher's shares have been overshadowed of late by fears of discounting in the DIY sector – certainly evident in B & Q's results – and by the perennial rumours of a fresh takover. An acquisition always remains a possibility, but it has never proved a major obstacle to the shares in the past and next time is just as likely to be a joint venture with a continental European partner. As for DIY, Kingfisher is surely right to sacrifice short term gross margins in the cause of keeping down prices and expanding its market share. The company will be a winner in the low growth environment of 1990s, which sits oddly with its below average rating in the sector. The worry is whether the high hopes invested in the whole retailing sector are justified.

Reckitt & Colman

With its 11 per cent dividend increase in a recession year, Reckitt & Colman has lived up to its reputation for growth. The underlying message behind yesterday's figures, however, is that exploiting Boyle-Midway has required considerable effort. The US acquisition may be earning enough to cover its carrying cost. But a large part of the 20 per cent rise in group distribution costs represents higher marketing expenditure, and the company admits that some cost-savings from the integration of Boyle-Midway have been spent on brand development. That has left the group trading margin only slightly higher, at 14.7 per cent compared with 14.3.

More work on brand development effort may be needed before the benefits of Boyle-Midway really show through. Though Reckitt's household proucts are reasonably immune from recession, demand also tends to be hit by retailer de-stocking which is generally slow to reverse itself in a recovery. Together these factors suggest an unexciting 1992, though the interest charge should come down as more debt is repaid.

That said, yesterday's 9 per cent fall leaves the shares on a prospective multiple just over 14. That is hardly demanding for a company that should remain capable of real growth in the long-run, even in the non-inflationary 1990s. The trouble is that, if the shares are not worth selling, they are not particularly attractive as a short-term buy either.

Nestlé/Perrier

The warring parties in the Perrier struggle may have squared each other. But they have not yet satisfied the European Commission. Notwithstanding Nestlé's efforts to belittle its significance, yesterday's decision that Brussels is to proceed with a full investigation caught markets on the hop. Given that the merged businesses will have French market shares exceeding 50 per cent – even after ceding Volvic to BSN – there certainly seems a *prima facie* case for having a very close look. And with Sir Leon Brittan coming to the end of his term in charge of competition policy, the case may be his final opportunity to ruffle French feathers.

Taylor Woodrow

Investor heartbeats are invariably missed when a company announces the retirement of its executive chairman just three weeks before publication of the annual results. In Taylor Woodrow's case, however, it would be surprising if the shares reacted badly to last night's news that Mr Peter Drew will soon be devoting more time to watercolouring. Confirmation that the dividend will be held is reassuring. But the sad reality is that Mr Drew failed to inspire City confidence during his two-year stint at the top, which has coincided with Taylor Woodrow underperforming the market by 63 per cent and the FTA Contracting Sector by 34 per cent. It is not all his fault, but the 58-year old chartered accountant who is to replace him sounds the sort of chap who might steady the ship.

FINANCIAL TIMES

COMPANIES & MARKETS

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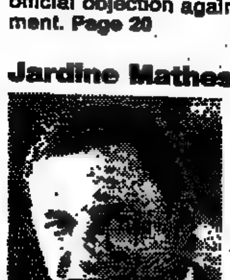
INSIDE

Hagen faces trouble at Nedlloyd

The nomination of Mr Torstein Hagen, the Norwegian investor, to the Dutch transport group Nedlloyd ran into fresh difficulties yesterday when the company's works council lodged an official objection against the proposed appointment. Page 20

Jardine Matheson shines



Jardine Matheson, the diversified Hong Kong trading company controlled by the Keswick family, yesterday posted a higher than expected 18 per cent increase in net earnings for 1991. Mr Nigel Rich (left), managing director, appeared to indicate 1992 would be a year of consolidation on the takeover front. At the same time the company said it expected to call a shareholders meeting in April to seek approval for it to change its primary listing from Hong Kong to London. Page 21

Matsushita adopts reforms

Matsushita Electric Industrial, the world's largest consumer electronics company, will overhaul its senior management and establish a new subsidiary as part of reforms intended to atone for past dealings with Japanese stock and property speculators. Page 21

Chile's bolsa heats up

The Santiago Stock Exchange moves from strength to strength, spurred by falling inflation, a strong peso and a booming economy expected to grow by 15 per cent in dollar terms this year. The exchange, the *bolsa*, has been boosted by looser exchange controls and the January revaluation of the peso, which have attracted individual and institutional investors to the stock market. Average daily trading volume is now twice that of last year. Back page

Brazil plans competitive package

Representatives from Brazil's private sector, government and labour have been meeting to outline a strategy aimed at boosting competitiveness of the country's vehicle industry. If consensus can be reached on specific measures, the government is prepared to implement a package providing short-term relief that could include lower sales taxes on new cars in exchange for a private sector agreement to moderate price increases. Page 24

Smelter leaves the melting pot

Iran looks ready finally to begin building an aluminium smelter plant after many months of planning and early construction while the backers doubted it would ever be completed. Last week the minister of mines and metals, Mr Hussein Mahlouji, said the Al-Mahdi smelter in southern Iran was definitely going to be built "unless something extraordinary happens". Work is expected to begin in the next few weeks. Page 30

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				PARIS (FFr)			
Rises				**Rises**			
Altana Ind	664.5	+	7.7	Cr Fonc France	991	+	43
Asko	900	+	15	From C et Auv	2980	+	187
Colonia Konzn Pf	595	+	10	Geophysique	640	+	25
Linotype-Hell	381	+	11	Valeo	750	+	41
Schmalbach Lub	562	+	12	**Falls**			
Falls				Euro Disney	150	–	3.5
Rosenthal	300	–	8.8	Printemps (Au)	741	–	100

NEW YORK ($)				TOKYO (Yen)			
Rises				**Rises**			
Fed Dept Strs	15⅝	+	1⅝	Chinon Inds	400	+	35
Microsoft	126⅞	+	1⅞	Oiles Industrial	675	+	70
Falls				Jacca	599	+	58
Amer Mobile Sys	4⅝	–	1⅞	Kansai Kisen	304	+	28
Borland Intl	61¼	–	1¾	LEC	405	+	43
Conairs F	2⅝	–	¼	**Falls**			
Delta	63¾	–	1	Tokokita	500	–	50

New York prices at 12.30.

LONDON (Pence)							
Rises				Amber Day	76	–	6
Barratt Devs	65	+	8	Aspen Comms	123	–	7
Cookson	125	+	9	Assoc Nursing	124	–	8
GRE	124	+	6	Chartwell	23	–	10
Guinness	590	+	17	Clifford Fds A	195	–	10
Hepworth	379	+	14	Graig Shipping	80	–	12
Jacques Vert	67	+	6	Harland Simon	83	–	15
Lex Service	194	+	8	JLI Group	115	–	6
MEPC	329	+	12	Lloread	65	–	7
Medeva	298	+	18	Radiant Metal	90	–	10
P & O Dfd	441	+	25	Tandem	131	–	8
Smith New Ct	98	+	6	Wolseley	391	–	16
Wellcome	999	+	21				
Falls							

GE cuts investment in Tungsram

By Nicholas Denton in Budapest

GENERAL ELECTRIC, the US electrical engineering company, is retrenching at its Tungsram light bulb operation in Hungary, one of the earliest and largest western joint ventures in eastern Europe.

GE announced cuts in investment, employment and production at Tungsram after preliminary results showed the subsidiary lost Ft1.1bn ($14m) last year.

Up to half of the planned investment of $40m for 1992 is to be held back, staff numbers will fall by 25 per cent with administrators most sharply hit, and factories will be idled for an average of two weeks to allow a reduction in stocks.

Only last June GE increased its stake in Tungsram to more than 75 per cent and took total investment to more than $200m, declaring confidence in the subsidiary's prospects.

GE-Tungsram blamed rising local costs for the reversal and called for devaluation of the forint, the Hungarian currency, to keep pace with inflation.

The company said that a 40 per cent gap between inflation and currency depreciation had put the survival of Hungarian exporters into question.

At the same time, prices for lighting products on Tungsram's main, depressed west European market are falling.

Mr Gyorgy Varga, chief executive of GE-Tungsram, said Suzuki, Ford and General Motors, which are all embarking on large investments in Hungary, would face the same problems.

GE has been frustrated in repeated efforts to force a change in exchange-rate policy.

The Hungarian government, bound by its agreement with the International Monetary Fund, remains determined for the time being to use firm monetary policy and high exchange rates to maintain downward pressure on inflation, even if that is painful for exporters.

GE maintained however that Tungsram's long-term promise remained undimmed.

Productivity improved dramatically in the two years since GE took over the Hungarian plants. Volume grew by 28 per cent during the period while the company employed 30 per cent fewer staff. Improvement in raw material use was comparable.

Adjusting for restructuring costs, Tungsram was profitable in 1991. Tungsram lost Ft1.5bn in 1990 and blamed restructuring costs and the failure of devaluation to keep pace with domestic inflation.

Mercedes in Czech deal, Page 20

Anxieties about the US aircraft group outweigh opportunities, writes **Martin Dickson**

Boeing's share price struggles to take off

What is keeping Boeing grounded? Shares in America's leading airlines have taken off since the beginning of the year on hopes that their recessionary problems are almost behind them. But shares in Boeing, the world's leading manufacturer of commercial aircraft, have not risen in the slipstream.

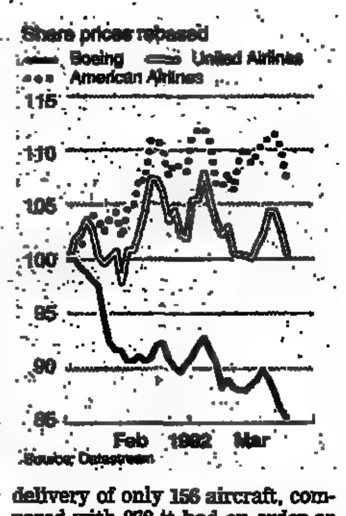
Not even an upbeat presentation to Wall Street analysts earlier this month by Mr Frank Shrontz, Boeing's chairman, has had much impact on the shares. They have been trading at around $48, giving a prospective price-to-earnings ratio of about 9, compared to roughly 15 for the Standard & Poors 500 index of leading stocks.

But Boeing is a company with a strong balance sheet, a $92bn backlog of firm orders – equivalent to roughly three years' sales – and is one of the few large US industrial companies which can still claim to be undisputed world leader of its sector.

Moreover, its recent annual survey of the industry's outlook struck a bullish note, predicting world air travel would grow about 5.2 per cent a year for the next 18 years, and that airlines would buy around $857bn worth of aircraft during that time.

Given that sales rose 7.2 per cent a year between 1970 and 1990, Boeing's forecast – virtually unchanged from those of the two previous years – is perfectly feasible. But Wall Street remains edgy about near-term prospects, particularly over the order book.

During the past few months two of the three largest US airlines – United and American – have announced cuts in aircraft purchases for the next three years. United said it would take delivery of only 156 aircraft, compared with 278 it had on order or options. The cuts include 44 Boeing 737s and 60 Boeing 757s.



Source: Datastream

Boeing says its contracted $92bn backlog has so far been unaffected. But it has deferred delivery of many of these aircraft and will have to cut 737 production from 21 to 14 a month next October. This, with cuts in its defence business, will mean 8,000 job losses by the end of the year.

Mr Shrontz said the company still expected to deliver a record 440 commercial aircraft this year, up from 435 in 1991, while the group's revenues (including defence operations) were expected to total around $29.5bn, against last year's $29.3bn.

Some analysts argue that deliveries by the three major manufacturers – Boeing, McDonnell Douglas and Europe's Airbus Industrie – could suffer over the next few years if other airlines follow American and United, and economic growth outside North America slows further.

Mr Kenneth Holden, chief strategist for GPA Group, the large Irish airline leasing company, predicted recently that while the jumbo jet market would be stable over the next few years, deliveries of narrow-bodied jets by all makers would decline by 42 per cent between 1991 and 1995.

At the very least, the market is likely to remain soft over the next few years, which will intensify pricing competition Boeing faces from Airbus which clinched a deal this month to sell nine A310s to Delta for $600m.

McDonnell Douglas could also become a more weighty competitor to Boeing if it sells a large stake in its civilian aircraft business to Asian investors.

Boeing's earnings over the next few years will depend on the extent these market weaknesses are offset by positive factors, including progress in developing its 777 jet, and declining research and development spending; a productivity drive to improve operating margins; and a return to health by its defence business.

The 777, a wide-bodied twin jet which fits between the 767 and the 747-400 jumbo, is due to enter service in 1995, competing against McDonell Douglas's MD-11 and Airbus's A-330/340.

Boeing said the 777 project would involve research and development spending totalling $1.8bn for 1992, and then between $1.4bn and $1.6bn for several years. It is also spending between $1.5bn and $2bn on new facilities over the next few years, including a plant north of Seattle to produce the 777.

As a result, the company's cash flow will remain negative, but its balance sheet is strong, with a debt-to-equity ratio of 16 per cent in spite of about $1bn in debt last year. However, Wall Street remains worried the company might plunge straight from the 777 into building an aircraft, dubbed the 787, which could seat 600 passengers or more.

Boeing set up a group last year to investigate this market, but Mr Shrontz insisted "the studies are very preliminary." Airbus is also studying development of an ultra-large aircraft.

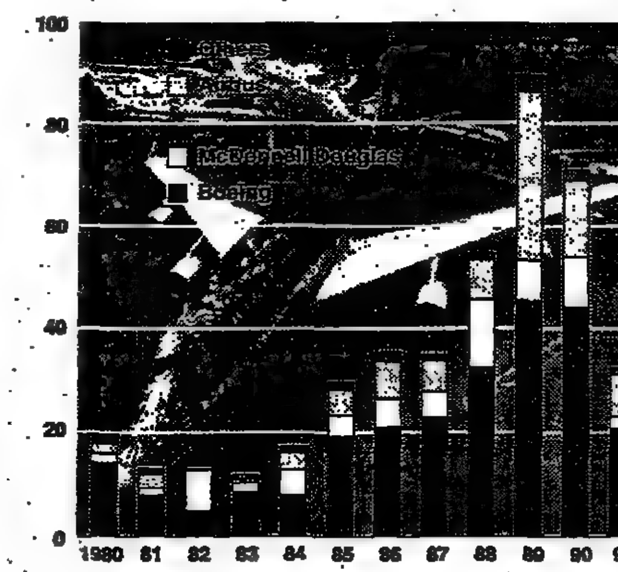
The company's earnings should also be lifted by the sale of its loss-making de Havilland commuter aircraft business to Canada's Bombardier and a return to profit by its defence business, after three years and nearly $1bn of losses.

With the Pentagon cutting its procurement budget by 25 per cent over five years, all US defence contractors face shrinking markets. But Boeing is involved in two of the biggest contracts in the 1990s – the Advanced Tactical Fighter and the Commanche Helicopter – and expects the division to remain in profit this year on sales of around $5bn, down from $5.8bn last year.

Wall Street expects earnings per share of around $5 this year, against $4.56 in 1991, rising to between $5.25 to $5.50 in 1993. Some analysts said this backdrop, and growing perceptions of airline health, could trigger a sharp rise in the stock, but for now the anxieties outweigh the opportunities.

Announced new orders of aircraft

$bn (1992 constant dollar)



Year-end announced order backlog

	Total		Boeing	
	1990*	1991	1990*	1991
Units	3,563	3,158	1,843	1,665
1992 dollars, bn	201.9	190.7	109.7	104.5

*Adjusted for 1991 cancellations

Source: Boeing

Perrier bid suspended for EC inquiry

By Andrew Hill in Brussels and Alice Rawsthorn in Paris

NESTLE'S FFr15.46bn ($2.76bn) bid for Perrier was yesterday suspended for four months when the European Commission said it would launch an investigation into the deal's impact on the French mineral water market.

The Swiss food group overcame the opposition of the Agnelli family to its offer two days ago. But the commission said that, following its one-month automatic inquiry it had decided there were serious doubts about the takeover's compatibility with the European market.

Competition officials said the decision to move to a full investigation took into account Nestlé's pledge to sell Volvic, one of the Perrier waters, to BSN, the French food group.

If the commission decides the bid is anti-competitive it could ask Nestlé to unwind the merger, or amend it, for example, by selling some of the Perrier brands.

Nestlé and its allies had anticipated the EC inquiry. Earlier this week Mr Reto Domeniconi, Nestlé's director general, said he thought it probable that the commission would opt for an in-depth investigation.

The inquiry will hinge on the comparative shares of the French mineral water market held by Nestlé/Perrier after the bid. Nestlé, which will be adding the eponymous Perrier and several smaller brands to Vittel, which it owns, estimates its eventual share at 41 per cent in volume.

The commission said that the merged company would have a share of more than 50 per cent in the French bottled water market.

BSN was expected to increase its share of the same market to 32 per cent. Apart from Volvic – promised to BSN as the price for alliance with Nestlé in the Perrier battle – the food group's other waters include Evian and Badoit. The rest of the market is dominated by the larger retail groups, with 25 per cent. The remaining 2 per cent is split among smaller companies.

BSN has dropped its FFr6bn bid for Exor, the French property company which controls Perrier. Brussels' merger authorities – which had just announced an inquiry into the BSN/Exor deal – could still open an automatic investigation into the latest bid for Exor from BSN and the Agnellis. Exor has said it would support Nestlé's bid for Perrier.

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CMB benefits from senior management reshuffle

By William Dawkins in Paris

CMB Packaging, Europe's largest packaging group, which reshuffled its top management last autumn, yesterday reported a 16 per cent rise in net profits before extraordinary items in 1991.

However the FFr852m ($152m) profits represented a 17 per cent fall in attributable earnings due to the fact that 1990 profits were inflated by a large extraordinary gain on the sale of the group's steel business.

Mr Jürgen Hintz, the American chief executive who took over at the helm of the Franco-British group from the flamboyant Mr Jean-Marie Descarpentries last autumn, said the results showed the management reorganisation and cost-cutting measures taken last year were starting to pay off.

CMB, formed three years ago from the merger of Carnaud of France and Metalbox Packaging of Britain, had been dogged by friction between its UK and French senior managers, which culminated in Mr Descarpentries' departure. Relations between managers and between the two main French and British shareholders were now cordial, said Mr Hintz.

Turnover last year rose by 4.5 per cent to FFr25.5bn, on which operating earnings climbed by 8 per cent to FFr2.4bn.

Within this, sales in the UK fell 2 per cent, the US was down 4 per cent and Germany was up 23 per cent. Operating profits in metal packaging were stable, while plastic packaging recovered strongly.

Since the turn of the year, growth in Germany had ground to a halt, while there was no sign of a UK recovery, said Mr Hintz.

Productivity, in sales per head, rose by 12 per cent last year, partly reflecting the loss of 2,500 jobs, bringing the workforce down to 31,450. This brought a steep rise in restructuring charges, from FFr198m to FFr389m.

CMB increased cash flow and reduced working capital, enabling it to reduce its high debts, a legacy of its earlier hectic acquisitions, to FFr3.91bn by the end of December, from FFr4.78bn a year earlier.

Gearing fell from 42 per cent of shareholders' funds to 33 per cent over the same period, as interest charges fell by 9 per cent to FFr67m.

Sales in the first quarter of the current year were flat, after an unusually strong first quarter last year, said Mr Hintz.

Hanson considered offer for Lonrho

By Roland Rudd

HANSON, the acquisitive conglomerate, has evaluated a possible bid for Lonrho, the international trading group, a financier with close knowledge of Hanson said yesterday. But the financier said market rumours of a bid in the foreseeable future were unfounded.

News of Hanson's evaluation of Lonrho comes as Lonrho prepares to face shareholders at today's annual meeting. There have been private complaints about the composition of Lonrho's board from some institutional shareholders, but no public criticisms are likely at the meeting.

Hanson's acquisition team examined the possibility of a bid for Lonrho, according to financiers involved.

But Hanson has decided it was not keen on owning or merging with a company which derives more than 70 per cent of its pre-tax profits from Africa.

Although Hanson does have a small presence in South Africa, through Ever Ready batteries, it has no experience of managing businesses in the rest of Africa.

According to a financier who knows Hanson well, the company views Lonrho as a one-man band and feels that Mr Roland "Tiny" Rowland, the group's chief executive, is "irreplaceable" in dealing with a number of African governments.

Hanson executives did not relish the thought of having to devote a significant proportion of their time to negotiations with politicians in Africa.

Lonrho shares fell to a six-year low of 86p earlier in the month. They recently bounced back above 100p following persistent rumours that Hanson, after backing off from bidding for Imperial Chemical Industries, would attempt a takeover of Lonrho.

Hanson might reconsider Lonrho as a possible acquisition if the international trading group's shares continue to fall.

According to one Hanson adviser, however, it would be unlikely to consider bidding for Lonrho even if the price of the company's shares were to halve.

The last outside evaluation of Lonrho's businesses to have become public knowledge was conducted by Samuel Montagu for Mr Alan Bond, the Australian businessman.

He went on to amass a 21.6 per cent stake in Lonrho before his Bond Corporation ran into severe financial difficulties.

Schering seeks partners for three niche operations

By Leslie Colitt in Berlin

SCHERING, the German pharmaceuticals and chemicals group, is negotiating with "selected potential partners" for its chemicals, electroplating and natural substances operations, which last year made sales of DM1.2bn ($419m) – 19 per cent of the total.

Mr Giuseppi Vita, chairman of Schering's board, said the Berlin-based company was considering everything from retaining a majority stake to an outright sale of all three activities, where production is sluggish.

It is negotiating with more than 30 companies and expects a deal to be concluded by the end of this year.

Mr Vita, the first Italian chairman of a large German company, said that although Schering operated in profitable niche markets in the three sectors, they could not provide adequate risk compensation for pharmaceuticals and plant protection which would absorb all of Schering's resources in the future.

While pharmaceutical and plant protection sales expanded 15 per cent and 8 per cent respectively last year, to DM3.6bn and DM1.5bn, industrial chemicals turnover fell 1 per cent to DM454m, and electroplating rose only 2 per cent to DM329m. Natural substances rose 8 per cent to DM440m.

Schering is to pay an unchanged 26 per cent dividend on group sales last year of DM6.3bn and record earnings of DM274m. Group sales are expected to rise 5 per cent this year, while earnings are likely to remain at last year's level, the company forecast.

Mr Vita said that in line with its new research strategy in the US, Schering recently bought a large research site in Richmond, California, from Chevron.

Total spending on research and development last year amounted to nearly DM1bn, one reason that co-development and co-marketing with other pharmaceutical companies was gaining in importance for Schering, Mr Vita explained.

Nedlloyd nomination disputed

By Ronald van de Krol in Amsterdam

THE NOMINATION of Mr Torstein Hagen, the Norwegian investor, to the Dutch transport group Nedlloyd ran into fresh difficulties yesterday when the company's works council lodged an official objection against the proposed appointment.

The move means the Nedlloyd supervisory board must either retract Mr Hagen's nomination or defend its decision before a Dutch court, whose ruling in the case would be binding.

The board said yesterday it would announce its decision "within a few days."

The works council's opposition to *Mr Hagen*, who controls 25 per cent of Nedlloyd's share *capital*, threatens to re-open a long-running debate about his suitability as a board member which seemed to be settled in January when the supervisory board decided to nominate him for one of two vacancies.

Previously, Mr Hagen and Nedlloyd had clashed publicly about the best methods of returning the loss-making group to financial health.

"The proposal of the supervisory board to appoint Mr Hagen amounts to an attempt to buy off – hopefully – the opposition of Mr Hagen as a shareholder," the works council said in a statement.

It added: "The proposed appointment of Mr Hagen can only with difficulty be called anything else than a greenmail deal."

Torstein Hagen: controls 25% of Nedlloyd's shares

VNU declines 20% to Fl 117m

By Ronald van de Krol

VNU, the Dutch publishing group, posted a 20 per cent decline in 1991 net profit to Fl 117m ($62.5m), in line with *the company's earlier forecasts*. Despite the downturn, the dividend is to be maintained at Fl 3.60 per share.

The company blamed the profit fall on a sharp decline in *advertising volume in the UK* and the Netherlands, which hit its business press sector and its Dutch daily newspaper businesses.

Cost-cutting and reorganisa*tions were able to offset only* part of this decline, VNU noted.

Operating profit declined by 12 per cent to Fl 202m. Sales were only fractionally higher *at Fl 2.74bn, compared with* Fl 2.72bn in 1990.

VNU's profit decline stands in contrast to profit increases recently reported by the Netherlands' two other major *publishers, Elsevier and Wol*ters Kluwer, which are relatively more protected from recession by their activities in scientific, legal and medical publishing.

Soft prices push SCA into 42% retreat

By Sara Webb in Stockholm

SVENSKA Cellulosa (SCA), Sweden's second biggest pulp and paper group, suffered a 42 per cent drop in profits after financial items to SKr1.23bn ($204m) last year, compared with SKr2.13bn in 1990.

Group sales rose by 5.2 per cent to SKr32.76bn. Earnings per share fell by 27 per cent to SKr5.27, and the group proposed keeping the dividend unchanged at SKr3.2.

SCA blamed the sharp drop in profits on its high financial charges and the decline in prices for most of its paper products during the latter part of 1991.

The group has pursued an aggressive expansion pro*gramme which included the* acquisition of Reedpack, the UK paper, packaging and office supplies group, for £1.05bn in 1990. However, high interest rates have pushed up the cost of acquisitions, and SCA's net financial expenses jumped 52 per cent to SKr1.42bn in 1991, mainly due to the Reedpack takeover's cost.

Operating profits fell in three of SCA's divisions – packaging, graphic paper, and forest and timber. However, the group's largest business area – the hygiene products division which makes babies' nappies – showed a 20.7 per cent increase in operating profit to SKr727m, on slightly lower sales of SKr11.628bn.

While profits in this area increased due to the implementation of a rationalisation programme, SCA said tougher price competition had limited the improvement.

BNP roars ahead to FFr2.94 bn

BANQUE Nationale de Paris (BNP), the largest state-owned *French bank, yesterday* announced an 82 per cent increase in net profits to FFr2.94bn ($521m) in 1992 from FFr1.62bn in 1990, writes Alice Rawsthorn in Paris.

Kingfisher sees difficult times in UK during 1992

By Peggy Hollinger in London

KINGFISHER, the UK property and retailing group encompassing the Woolworths and B&Q chains, yesterday held out little hope for the anticipated increase in consumer spending this year as it reported a 10 per cent decline in annual profits.

Mr Geoffrey Mulcahy, chairman and chief executive of Kingfisher, warned that 1992 was likely to be difficult. "My overall impression is that there is no significant indication of any upturn in consumer confidence. I think it will remain tough going for the rest of the year."

Last year, pre-tax profits declined from £252m ($435m) to £227.7m on turnover 5 per cent higher at £3.4bn. The profits fall was cushioned by lower interest payments of £11.8m, down from £30.1m.

An exceptional profit of £20.6m on property disposals was offset by a higher-than-expected £14.7m *charge for the* restructuring of the Comet electrical goods chain and closure of the Title video rentals business. The net £5.9m gain compares with £37.2m last time.

Mr Mulcahy said the charge was also expected to cover the current year's closure costs relating to Comet.

By the end of 1992, the division would have closed down all its in-store concessions, and would be focused on the out-of-town superstore market.

At the trading level, the retail division increased profits by 2.2 per *cent to £205.4m*. The star performers were Woolworths with a 18 per cent rise in profits to £71.4m, and Comet, which lifted its contribution by £1.5m to £9.1m.

B&Q increased its share of the competitive DIY market, said Mr Nigel Whittaker, Kingfisher director, from 12 per cent to 14 per cent. The overall market had advanced just 2 points last year.

Nevertheless, B&Q suffered a £5.4m decline in operating prof*its on* sales 14 per cent ahead to £1.1bn. The division had suffered a 3 point drop in margins in the second half.

Mr Mulcahy said the group would not try to boost profits *through increasing* gross margins. Growth would come through improved efficiency.

Profits at Superdrug were flat at £34.6m, although the division recorded a slight increase in its share of the toiletries market.

The final dividend rose to 9p, from 8.4p, for a total of 13p, up from 12.2p.

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Austrian bank records 45% surge

By Eric Frey in Vienna

CREDITANSTALT Bankverein, the Austrian bank, yesterday unveiled a 45 per cent jump in 1991 operating profit, but said it suffered large loan losses on its foreign business.

Mr Guido Schmidt-Chiari, the chairman, said the bank took charges of more than Sch3bn ($149m) against its 1991 earnings.

This includes Sch1.2bn in write-downs on loans to Third World and former communist countries, and Sch600m from the activities of its London branch.

Operating profit jumped to Sch3.02bn in 1991 from Sch2.08bn as a surge in currency trading income offset lower earnings from regular banking activities.

Partial operating profit, which does not include the bank's own-account trading, fell 15 per cent to Sch2.1bn from 2.46bn a year earlier, mostly *because of higher operating expenses*.

Mr Schmidt-Chiari said he expected generally better results for 1992.

Creditanstalt is not the only Austrian bank to have suffered large loan losses abroad. Bank Austria, which took Creditanstalt's place as the country's largest bank when it was formed through the merger of Landerbank and Zentralsparkasse last year, earlier reported it will take a charge of nearly Sch5bn *because of losses in the US* and Britain.

Czechs approve Mercedes venture

By Ariane Genillard in Prague

THE CZECH government yesterday approved the forging *of a joint venture between Mer*cedes-Benz, the subsidiary of the German vehicle-maker Daimler-Benz, and two local trucks manufacturers, Avia and Liaz.

Mercedes had been chosen over Renault of France by the two Czech companies last January, but the deal was pending government approval. Renault, however, recently signed a letter of intent with Karosa, the local bus-maker.

The new joint venture, valued at $250m, will be 31 per cent owned by Mercedes, 49 per *cent by Avia and 20 per cent by* Liaz. Mercedes has pledged to invest DM350m ($210m)into the joint venture over the next three years.

A further DM100m investment is planned for the three years thereafter. Mercedes plans to increase its ownership stake in the future, according to Mr Vlastimil Devera, Avia's chairman.

Avia is Czechoslovakia's third largest truck manufacturer, with 1991 sales reaching Kcs4.1bn ($136m) Domestic annual sales have averaged *9,000 trucks manufactured* under a 1967 Saviem-Renault licence. Mercedes intends to manufacture two versions of its own light and medium trucks in six months' time.

Heavy trucks will continue to be manufactured independently by Liaz and by Tatra, Czechoslovakia's third truck-maker, which recently signed a letter of intent with Iveco.

Lasmo disappoints as profits fall to £28m

By Deborah Hargreaves in London

LASMO, the independent oil and gas exploration company which acquired fellow oil company Ultramar for £1.2bn ($2.04bn) at the end of last year, disappointed the City yesterday when it announced a sharp drop in pre-tax profits from £48.8m in 1990 to £28.8m last year.

Lasmo has restated its results going back to 1983 after making sweeping changes in its accounting practices which have reduced previous profit levels. Post-tax profits in 1991 were £59m lower than they would have been under the old accounting methods.

The drop in profit, combined with the weak oil price outlook, prompted many analysts to reduce their earnings' forecasts for the company this year to about £20m. Lasmo's share price suffered from the earnings fall and dropped 17p in early trading, it later recovered to close 1p down at 203p.

Lasmo increased its debt to £1.2bn from £22m in 1990 after acquiring oil company Ultramar for £1.2bn. This took gearing up to 83 per cent, although Lasmo hopes to reduce this by selling Ultramar's downstream assets by the year-end.

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UK housebuilder back in black

SIR Lawrie Barratt, chairman of UK housebuilder Barratt Developments, will this month receive his first pay cheque for seven months. The payment is in recognition of the group's return to profit after a pre-tax *loss of £105.9m ($183.20m)* during 1990-1991, writes Andrew Taylor.

Sir Lawrie, who had promised investors he would not draw any salary until he saw a return to profit, said the group had a pre-tax profit of £2.5m during the six months to the end of December, against a loss of £14.4m last time.

Details, Page 28

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 26.03.92: Pool purchase price £/MWh	Final Prices for Trading on 27.03.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.96	17.05	17.05
0100	17.75	[illegible]	17.08
0130	24.99	17.09	17.09
0200	24.99	17.09	17.09
0230	16.66	17.05	17.05
0300	16.55	17.05	17.05
0330	16.91	17.05	17.05
0400	16.85	17.04	17.04
0430	16.85	17.03	17.03
0500	16.79	17.04	17.04
0530	16.76	17.04	17.04
0600	16.76	17.04	17.04
0630	16.80	17.05	17.05
0700	16.68	17.06	17.06
0730	17.70	17.97	19.68
0800	18.71	17.97	[illegible]
[illegible]	20.41	17.97	19.66
0900	[illegible]	17.97	19.68
0930	23.40	18.16	19.87
1000	23.42	18.32	20.04
[illegible]	23.44	18.32	20.05
1100	23.46	[illegible]	20.05
1130	24.77	19.78	21.59
1200	27.04	20.34	22.14
1230	27.80	20.38	22.13
1300	20.02	19.77	21.64
1330	22.20	19.71	21.47
1400	21.82	17.61	17.61
1430	21.13	17.10	17.10
1500	21.12	17.10	17.10
1530	21.12	17.38	17.38
1600	19.36	17.38	17.38
1630	19.36	17.10	17.10
1700	19.46	18.32	20.03
1730	21.91	19.75	21.51
1800	21.91	20.63	22.43
1830	21.61	29.87	31.86
1900	25.10	29.84	31.82
1930	25.12	23.28	25.08
2000	25.06	20.64	22.29
2030	24.92	18.15	19.85
2100	20.38	18.15	19.85
2130	18.70	17.90	19.60
2200	18.37	17.58	19.27
2230	18.67	[illegible]	17.05
2300	16.84	17.04	17.04
2330	16.78	17.04	17.04
2400	16.78	17.04	17.04

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £16.86/MWh becomes 1.686p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The provisional Pool Purchase Price is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Final pool prices are also capable of revision.

NGC Settlements Limited

Matsushita reforms atone for past dealings

By Robert Thomson in Tokyo

MATSUSHITA Electric Industrial, the world's largest consumer electronics company, will overhaul its senior management and establish a new subsidiary today as part of reforms intended to atone for past dealings with Japanese stock and property speculators.

The moves also highlight the tension among Matsushita executives, who are widely reported to be arguing over the company's direction now traditional strengths in consumer and industrial electronics are under challenge in sluggish markets at home and abroad.

Mr Shoji Sakuma, 59, an executive vice-president tipped to be the company's next chief executive, will resign and become a "corporate adviser" to take responsibility for the group's exposure to Ms Nui Onoue, the bankrupt Osaka restaurateur who used seances for advice in investing huge sums in Japanese stocks.

Another executive vice-president, Mr Masahiko Hirata, 60, is also to be demoted, though Matsushita did not suggest that either of the two officials was directly linked to Ms Onoue, who is now awaiting trial for alleged fraud over Y269bn ($2.01bn) raised from financial institutions.

Mr Sakuma had been a board member at National Leasing, a small finance company established in 1979 to assist corporate clients' purchases of Matsushita equipment, but which lent a reported Y52bn to Ms Onoue and unknown amounts to property speculators in a total of Y380bn in outstanding loans.

A new company, NL Finance, is to be formed today with Y4bn in capital comprised of Matsushita stock holdings in other Japanese companies, in particular, banks. Matsushita reckons that while the stocks' book value is Y4bn, a market value of between Y30bn and Y35bn will be a cushion against bad debts for the new subsidiary, which will oversee National Leasing's loans.

"We can't say how much of these loans will be bad. The loans went to various types of companies and we don't know how they used the money," Mr Akira Nagano, a Matsushita spokesman, said yesterday. It will be NL Finance's responsibility to reduce the loan exposure, while the parent company is expected to write-off about Y20bn in bad debts this year.

The series of embarrassments for Matsushita, which is expecting a 43 per cent fall in profits this year, also prompted the company's chairman, Mr Masaharu Matsushita, and president, Mr Akio Tanii, to accept a 50 per cent reduction in pay for three months from the beginning of the new financial year next month.

Matsushita hopes the changes will mark the end of its own excesses during the "bubble" era of the late 1980s, when many leading industrial companies, or their subsidiaries, were entangled in questionable stock and property deals. Late last year, Matsushita said central control would be tightened over subsidiaries, and the company has already reviewed its financial operations.

But Matsushita is yet to resolve an internal debate over how far the company should stray from its traditional philosophy of providing "good quality at a low price". The question has become more pressing recently, with continued weakness in the consumer audio-visual equipment market and a slowdown in Japanese industrial demand.

The departure of Mr Sakuma, who had publicly called for a change in outlook, and the demotion of Mr Hirata, who had handled Matsushita's $6.59bn purchase of MCA, the US entertainment company, could shift company policy towards a re-emphasis of core businesses.

Jardine surprises as profits improve 18% to $270m

By Simon Holberton in Hong Kong

JARDINE Matheson, the diversified Hong Kong trading company controlled by the Keswick family, yesterday posted a higher-than-expected 18 per cent increase in net earnings for 1991.

At the same time, the company said it expected to call a shareholders' meeting in April to seek approval to change its primary listing from Hong Kong to London. The Hong Kong Stock Exchange was due shortly to announce the rules under which companies could change their prime listing, company executives said.

Jardine's profits rose to $270.8m from $229.8m in 1990 on turnover 20 per cent higher at $7,190.2m from $5,992.1m in the previous period.

Directors recommended a final dividend of 13 cents a share. Taken with the interim of 3.4 cents it makes 16.4 cents – up 15 per cent on 1990's payout. Earnings per share on a fully-diluted basis rose 14 per cent.

Mr Henry Keswick, the company's chairman, said that in 1991 Jardine achieved record earnings, excellent cash-flow and a strong balance sheet. The group's main markets – the Asia-Pacific region – had shown good growth. He said that although it was too early to make an earnings forecast for this year, trading in the early months of 1992 had been quite encouraging.

At a news conference, the company's managing director, or *taipan*, Mr Nigel Rich, appeared to indicate 1992 would be a year of consolidation on the takeover front. It had no plans to make a significant acquisition, although he did not rule out subsidiaries responding to opportunities when they arose.

Mr Rich did, however, confirm Jardine's interest in building and operating Terminal 9 – a container terminal planned by the Hong Kong government for operation later this decade. He said the company was keen to form a consortium to bid for the terminal.

Many of Jardine Matheson's interests are separately listed and have already reported their results. The interest in yesterday's statement was the performance of Jardine Pacific, a wholly-owned subsidiary of the company, which collects together Jardine's traditional trading business and many of its new ones.

Nigel Rich: year of consolidation ahead

Mr Keswick said it achieved another year of excellent growth, with net earnings up 31 per cent to $122.1m from $93m. Its share of Jardine Matheson's total profits rose to 45 per cent from 40 per cent.

He said Jardine Pacific's security, restaurants and aviation and shipping divisions did particularly well. In its engineering and construction division, Gammon had a good year and prospects were enhanced by the government's decision to go ahead with building a new airport in the colony.

The company had extraordinary gains of $90.5m on the float of 32.3 per cent of Jardine Insurance Brokers on the London stock market and an extraordinary gain of $37.7m on the sale of investment properties by its indirectly-held subsidiary, Hongkong Land.

Consortium acquires PAL in largest Philippine privatisation

By Jose Galang in Manila

THE PHILIPPINE government yesterday formally turned over control of Philippine Airlines (PAL) to a private-sector consortium in the country's biggest privatisation.

PR Holdings, a consortium of leading local business groups, became the owner of 67 per cent of PAL after paying Mr Jesus Estanislao, the country's finance secretary, 7.5bn pesos ($306m), the first of two payments for the acquisition.

The group had made the winning bid of 9.7bn pesos at the auction for PAL held in January. The second payment of 2.2bn pesos is due in June.

PR Holdings was set up recently by Bank of Commerce, headed by Mr Antonio Cojuangco, president of Philippine Long Distance Telephone and a nephew of President Corazon Aquino, and by AB Capital and Investment Corporation, which is identified with the Soriano family that controls San Miguel Corporation, the country's largest industrial enterprise.

Four other large commercial banks, a retirement fund for military personnel, two venture-capital firms and a cargo-handling company, are among the investors in the PR Holdings consortium.

Mr Cojuangco, chairman and president of PR Holdings, yesterday said his group aimed to make PAL "truly a world-class airline." Among PAL's assets are un-utilised options to rich trans-Pacific routes.

The sale reduced government holdings in PAL to 13 per cent, although two other state institutions, Government Service Insurance System and National Development Company, still own 15 per cent and 5 per cent, respectively. PAL employees will acquire 5 per cent of the remaining government holdings within the year under the privatisation.

Last weekend, PAL marked its 51st anniversary by predicting net profits of 1.3bn pesos in the year to March 31, reversing losses of 2.3bn pesos in the previous year.

Rescue package for Sogo Jukin announced

By Emiko Terazono in Tokyo

JAPAN'S Second Association of Regional Banks announced a rescue package for Sogo Jukin, one of the eight housing loan companies, which faces a sharp increase in bad loans due to the plunge in domestic land prices.

Japanese housing loan companies hold deteriorating property-related loan portfolios, which include funds extended to resort and golf course developments. Last year, Chigin-Seiho Housing Loan and Juso were forced to turn to creditors and shareholders for financial aid.

Housing loan companies were set up in the 1960s by financial institutions, such as life insurance companies and banks, to fund individuals' housing and property purchases. Sogo Jukin was set up by the 72 second-tier regional banks, while Chigin-Seiho is backed by life assurers and Juso by trust banks.

The companies increased their exposure to high-risk developments in the loose credit of the late 1980s. Increasing financial problems at the housing loan companies will burden the financial institutions which back the companies.

According to Teikoku Data Bank, a Japanese credit agency, loans extended by the eight companies to companies which failed last year totalled Y90.7bn ($678.3m).

The sharp rise in bad loans prompted the Ministry of Finance to conduct inspections of the housing loan companies last month.

Sogo Jukin, which holds outstanding debts of Y1,400bn and loans of Y1,300bn, is expected to post pre-tax losses for the next fiscal year to March 1993. The second-tier regional banks will cut interest rates on new loans from 6.5 per cent to the long-term prime rate, currently at 6.0 per cent.

The banks will also maintain the balance of outstanding loans to Sogo Jukin at the current level until the end of March 1997.

INTERNATIONAL COMPANIES AND FINANCE

O&Y disposals facilitated by ruling on investments

By Bernard Simon in Toronto

CANADA is to facilitate the sale of assets by Olympia & York Developments, the cash-strapped property developer, by relaxing curbs on foreign investment in the Canadian oil and gas industry.

Although the new rules are not specifically aimed at O&Y, *the company has been pressing* the federal government for an early decision to enable it to finalise negotiations for the sale of its controlling interest in Home Oil, a Calgary-based energy producer.

A buyer is also being sought for Gulf Canada Resources, another energy producer, in which O&Y owns 75 per cent of the common shares.

Based on present market values, disposal of the two companies could raise about C$1bn (US$840.3m), which would help ease O&Y's cash squeeze. O&Y is estimated to have debts of over C$20bn, and is expected to sell a number of assets under the restructuring programme set in train this week.

Mr Jake Epp, energy minister, said yesterday that the government was dropping its requirement that Canadians own at least 50 per cent of upstream oil and gas companies. At present, only financially distressed companies are exempt from the threshold.

Mr Epp said that reviews of oil and gas deals involving foreign investors would henceforth be conducted on the same basis as those in almost every other business sector. The threshold for review by Investment Canada, the government's foreign investment watchdog, will be C$150m for US purchasers and C$5m for buyers from other countries.

The changes are widely welcomed by Canadian oil and gas producers, who see infusions of foreign capital as necessary to help them ease their current financial difficulties and fund *future exploration* and production.

The curbs were introduced in the early 1980s as part of Ottawa's National Energy Programme, which was designed to increase domestic control over the oil and gas industry. However, by encouraging acquisitions of foreign-owned companies, they left many *domestic producers* with unmanageable debt burdens.

Two companies controlled by O&Y, GW Utilities and Gulf Canada Resources, own a total of 63.5 per cent of Home Oil. *GWU said earlier this month* that relaxation of the foreign-investment rules "could facilitate" the disposal of Home.

S African group in pulp deal

By Philip Gawith in Johannesburg

A CONSORTIUM led by Anglo American Corporation of South Africa and some of its main subsidiaries, including Mondi Paper, is to pay R550m ($190m) to acquire a 44 per cent stake in Frantschach, a leading Austrian pulp and paper group.

Mr Tony Trahar, executive chairman of Mondi, said the interests of the consortium members, also including De Beers Centenary and Minorco, would be held through a recently-formed holding company, Mondi Europe.

Anglo American is to own 46 per cent of the holding company, Mondi 5 per cent, Centenary and associates 28 per cent, and Minorco 21 per cent. *Mondi will provide the mana*gerial lead on behalf of the consortium; Anglo and its affiliates will hold joint control.

Mr Trahar said a substantial portion of the purchase price would be invested directly in the company to enhance its capital base for future growth. The 51 per cent portion of the purchase price to be paid by the South African participants – Anglo American and Mondi – is to be financed from overseas facilities.

The deal is the second significant step into Europe by *Mondi – a wholly-owned*, unlisted subsidiary of Anglo American. In November 1990, Frantschach sold a 49 per cent interest in Neusiedler of Austria, a producer of photocopy and business forms paper, to Mondi, Anglo and their associates. The purchase price was not disclosed, but estimates range from $85m to 135m.

Mr Trahar said that after a long period of isolation the deal brought Mondi back into the international arena, giving it access to new areas of technology and to European markets, *especially if Austria* should become a member of the European Community. The deal will also enhance Mondi's ability to export pulp from South Africa to Neusiedler.

The Frantschach group has four main areas of activity: bleached pulp and paper; unbleached pulp and packaging paper; packaging and converting; and distribution. It has 6,000 employees and an annual turnover of about R3bn.

Mr Trahar said that Frantschach was well-positioned to benefit from environmental *concerns over the use of plastic* packaging and a growing preference for paper products.

He added that, with other international paper groups suffering from ill-considered acquisitions and the industry going through a recessionary phase, it was a good time to be making an acquisition. He said the Neusiedler deal had worked out well and Mondi held the Frantschach management in very high regard.

Mondi recently announced an 18 per cent increase in earnings to R110m for the 1992 *financial year. This followed a* 45 per cent drop in earnings in 1991 to R89m. Mr Trahar said 1992 would be a difficult year, with recovery probably starting in the second half.

South Africa's other large pulp and paper group, Sappi, has also set up European operations recently.

Ford optimistic on 1992 results

By Martin Dickson in New York

FORD MOTOR, the US vehicle manufacturer, said yesterday it expected a substantial improvement in 1992 operating results if the US economy recovers.

The company's statement, made in its annual report, follows a growing belief among *Wall Street analysts that the* company might return to profit as early as the first quarter of 1992.

Ford suffered a record $2.3bn loss last year, which it blamed on weak sales and intense competition from both Japanese and rival US car-makers.

However, the company said that its "cost-reduction programme, coupled with an assumed gradual economic recovery, gives Ford reason to believe that 1992 operating results will show substantial improvement".

In December, Mr Philip Benton, president, said: "We will surprise you, when the market comes back, how quickly we will make a profit."

Ford, which rationalised its plants heavily during the *1980s, has long been regarded* as having the factories with the highest productivity in North America among the big three US manufacturers.

US car sales figures for mid-March, released on Tuesday, showed a 6.9 per cent drop compared with the same period of 1991, underlining that the improving trend in vehicle sales seen in recent months is likely to prove slow and spotty.

However, manufacturers seem to have been able to reduce the huge rebates offered last year to lure customers into buying cars. Ford has also been helped by keeping inventories lean last year and by a gain in market share through the revamping of its model range last autumn.

The company noted that *higher marketing and* new product development costs had been offset by improved manufacturing efficiencies and other cost-cutting programmes.

Its cash and marketable securities at the end of 1991 rose to $9.8bn from $6.1bn at the end of 1990 as a result of $1.7bn in additional automotive debt and $2.3bn from a preferred stock offering.

Skopbank to receive FM1.5bn

By Sara Webb in Stockholm

SKOPBANK, the Finnish bank rescued from the brink of collapse last autumn, is receiving an injection of FM1.5bn ($333.3m) in capital from the Bank of Finland, the central bank which is Skopbank's majority shareholder.

The capital injection is intended to ensure Skopbank meets demands set out by the Basle accord on international bank capital adequacy, whereby banks must achieve a minimum capital-to-assets ratio of 8 per cent by the end of 1992.

The announcement comes after the Bank of Finland unveiled a package of measures intended to strengthen the Finnish banking system. These include a plan for the government to make up to FM8bn available to invest in banks' core capital to improve the banks' lending capacity.

The FM1.5bn earmarked for Skopbank is structured as core – or tier one – capital, consisting of perpetual preference capital which can be converted into equity at a later stage.

Mr Kaarlo Jännäri, chief executive officer at Skopbank, said the injection of capital was necessary as Skopbank's capital adequacy ratio was in danger of falling below 8 per cent based on credit loss forecasts for 1992.

He said Skopbank's capital-to-assets ratio had been 8.2 per cent at the end of 1991, while its tier one capital had been about 4.1 per cent. This would not be adequate to sustain the losses forecast for 1992, he said.

Last year, Skopbank's credit losses were FM2.55bn, with additional losses of FM3.8bn. Credit losses for 1992 are expected to be about FM2.5bn.

CanPac sees no early recovery

CANADIAN Pacific, the diversified rail, energy and resources group, said it did not anticipate any recovery in the Canadian *economy* until well into the second half of 1992, writes Robert Gibbens.

The company posted a loss of C$914m (US$768m), or C$2.87 a share, for 1991, after special charges of C$898m to cover write-downs in its investment in Laidlaw, spending cuts at its rail subsidiary, and a mill shutdown by its forest products unit.

Canadian Pacific, in its annual report, said trading conditions would remain difficult in the current year, with low oil and gas, newsprint and pulp prices.

However, the decline in the value of the Canadian dollar, from a peak 89 US cents last year to around 84 cents, is expected to help foreign exchange profit earned by the resource units.

Carolco secures $73.8m of financing

By Karen Zagor in New York

CAROLCO, the troubled independent Hollywood film studio, has secured $73.8m of financing from its foreign investors and has gained access to an additional $23m in new bank loans. The fresh *funding should* be sufficient to allow the studio to continue operating.

Carolco's foreign minority shareholders include Pioneer of Japan, Rizzoli of Italy and Canal Plus of France.

Carolco, along with other independent film companies such as Orion Pictures, has been caught in a financial squeeze. In December, Carolco cut its staff of 200 by 25 per cent and said it was considering reducing the number of deals with film-makers.

Problems at the company, *which started* mounting last summer, forced it to cut off talks aimed at acquiring a 46 per cent stake in Live Entertainment, the home video supplier, in November. Carolco still holds a 53 per cent stake in Live.

The studio, which is best known for its Terminator and Rambo films, was in technical default on $172m of bank loans for much of last year.

The details of the new financing and restructuring are not significantly different from a package arranged two months ago, *although the amount* of funding has increased.

In January, Carolco said it had secured $45m of financing and a deferral on $10m of debts from its US and foreign lenders.

The principal differences include the $23m in new loans that Carolco's banks have made available to the company. Carolco's bankers include Bankers Trust, Chemical Bank and Crédit Lyonnais Bank Nederland.

In addition, Carolco's investors have agreed to fund up to $13.8m of potential bank collateral shortfalls.

While the arrangement should help Carolco keep operating in the short-term, the company said it anticipated that its operations could require "additional sources of funds".

Canada sells 53% of Telesat

By Robert Gibbens in Montreal

CANADA'S public telecommunications companies are buying the federal government's 53 per cent interest in Telesat, the communications satellite operator, for C$155m (US$130.2m).

The companies have formed a consortium, known as Alouette, to carry out the deal. The group is to be led by Bell Canada.

The government earlier rejected a bid by Mr Charles Sirois, a Montreal entrepreneur, and his National Telesystem. Mr Sirois recently bought a sizeable equity interest in Teleglobe, Canada's sole overseas telecommunications company, whose mandate was extended for another five years.

The telephone *companies* already owned 41 per cent of Telesat, which had been set up in 1969 as Canada's first commercial satellite communications company.

The Alouette group said it would expand Telesat's services and begin a C$200m research programme. Telesat will continue operating as a separate entity based in *Ottawa.*

Jump-starting the Brazilian car industry

Bill Hinchberger looks at moves to make production more efficient and competitive

On the production line: vehicle-making accounts for 10 per cent of Brazilian GDP

REPRESENTATIVES from the Brazilian private sector, government and labour have been meeting in Brasilia during the past few days to outline a strategy for boosting the competitiveness of the country's automotive industry.

If, as hoped, there is consensus on specific measures, the government is prepared to implement a package aimed at providing short-term relief. This could include lower sales taxes on new cars in exchange for a private-sector agreement to moderate price increases.

"I think we've already got a clear consensus," said Ms Dorotea Werneck, national secretary of the Economy Ministry, the top-ranking public official in the talks. "There are hopes that a set of measures can be announced."

Even if short-term measures are approved this week, talks will continue through June to develop a long-term strategy aimed at bringing the industry's competitiveness up to world levels.

The question which will remain unanswered, even after June, is how big the automotive industry in Brazil can grow and still be competitive in world markets.

The industry plays a significant role in the Brazilian economy, accounting for 10 per cent of the country's gross domestic product, and directly employs 125,000 workers. The jobs of an estimated 4.1m Brazilians are generated by the industry.

Troubles in Brazil partly reflect global difficulties in the sector, particularly for the companies that dominate local car production: Ford and Volkswagen, which operate a joint venture called Autolatina; General Motors; and Fiat.

However, the problems also reflect the Brazilian automotive industry's inefficiency, a crucial issue as it prepares to compete with imports for the first time since the 1950s.

The government recently said it would bring forward, to October this year from 1993, a reduction in import duties for cars from 50 to 40 per cent. Duties will fall further to 35 per cent in July 1993.

Imports, notably low-cost models made by Russia's Lada, which began as a trickle last year, are forcing domestic manufacturers to peek over their shoulders.

"For a quarter of a century Brazil closed its doors to the world," says Mr Jacy de Souza Mendonca, president of the National Association of Automobile Manufacturers (ANFAVEA). "Now there are radical changes."

Two years ago, a study by American economist James P. Womack, of the Massachusetts Institute of Technology, showed 48 man-hours were needed to produce a standard vehicle in Brazil, compared with 40 in Mexico, 37 in western Europe, 34 in east Asia, 25 in the US, and 17 in Japan.

Although production rose slowly through the mid-1980s – topping 1m before dropping back in 19901 and 1991 – it has lagged behind projections in the heady days of the early 1980s, when the Brazilians expected to become world-class exporters.

With vehicle sales weak, Autolatina and General Motors both cut production by extending the traditional Carnival holidays during the first week in March. Last week, GM announced another two-week forced vacation for 800 workers. This year, Ford closed an engine plant near Sao Paulo, with the loss of 900 jobs.

Until recently, everyone blamed everyone else's inefficiency. Manufacturers hit out at high taxes, price controls, the informatics reserve law, and poorly-trained workers organised in militant unions.

The unions decried declining real wages, poor management, lack of investment and state macro-economic policies. And the government lashed its tongue at the "oligarchy" it said ran the sector.

Such charges are still aired, but all parties now seem convinced of the need to try to reach an understanding to reinvigorate the industry. "There is now a consensus that the industry is not competitive," notes Mr José Roberto Ferro, an economist at the Getulio Vargas Foundation, and an industry consultant for the sectoral talks.

Manufacturers and labour both argue that the tax rates on Brazilian producers – 43 per cent of the retail price – must be reduced.

Technological advances are also high on everyone's list. "We think technological innovation is important. We aren't stupid," says Mr Vincente Paulo da Silva, president of the Metalworkers Union of Sao Bernarodo de Campo and Diadema, an affiliate of the Unified Workers Central (CUT), Brazil's most militant labour federation.

Employers, however, may not agree to the union's plan for introducing the changes. "We want employment guarantees and we want to participate in changes made on the shop floor," says the union chief.

Mr Silva admits that union attitudes have been transformed in recent years. "Before, we were only worried about wages. We wouldn't have been sitting around a table with economists and engineers discussing industrial policy," he says.

After years of battling for a share of a closed market, manufacturers are more concerned than ever with increasing sales.

They have, however, taken advantage of their third period of price freedom in three decades, with mark-ups last year that out-distanced the annual inflation rate of 458 per cent by more than 100 percentage points. But the manufacturers are now joining the chorus of labour voices in favour of macroeconomic policies to boost the spending power of average Brazilians.

"One half of 1 per cent of the population participates in the new car market," calculates Mr Mendonca, "because per capita income has fallen."

In a possible signal of goodwill ahead of the latest talks on industry strategy, the big automakers had begun moderating price increases.

Fiat, for instance, announced on March 16 that it would not raise prices again this month. "For the first time," notes economist Mr Ferro, "all three parties recognise that there is a problem. It is a new step."

Autolatina incurs losses of US$143.5m

AUTOLATINA Brasil, the joint venture between Ford and Volkswagen, suffered losses of US$143.5m for 1991, writes Bill Hinchberger.

Its domestic vehicle sales closed the year at 401,450, representing 51 per cent of the Brazilian market.

The company blamed the poor performance on a drop in profitability, stemming from the February-May price freeze, and strict price controls that followed between May and August.

Despite the controls, it admitted to raising vehicle prices by 580 per cent during the year, mostly during the fourth quarter, after regulations were relaxed.

Although this topped Brazil's inflation rate of 480 per cent, the company claims its costs increased by 610 per cent during the year.

Gross receipts grew by 618 per cent to US$5bn. Volkswagen's Golf model was the country's best-selling car, capturing 18.1 per cent of the market with 107,776 units sold.

General Motors has a policy of not releasing figures for its Brazilian subsidiary. However, Mr Richard Wagoner, president of GM do Brasil, said his company also registered losses in 1991. "We were definitely in the red," he said. "And we definitely did worse than in 1990."

Wagoner also blamed price controls in early 1991 for the losses. "The first half of the year was a financial disaster, with the disruption of the economic plan and the price controls."

Portuguese insurer sale expected to raise Es33bn

By Patrick Blum in Lisbon

THE subscription for shares in Mundial Confianca, one of Portugal's leading insurance companies which is being privatised, will start on Monday. The government expects to raise around Es33bn ($230m) from the sale, which will last until the end of next week.

The results will be made public on April 14 during a special session of the Lisbon Stock Exchange.

Shares are being sold in four tranches, including a single indivisible bloc of 4m shares representing 40 per cent of the company's share capital.

Bidding for this bloc will be in two rounds. The starting price for shares in this tranche is Es3,500. Another tranche of 3.5m shares will be sold to general investors at a starting price of Es3,250.

Employees are reserved up to 2.5m shares at the fixed price of Es2,925, and small investors and emigrants up to 2.5m shares at a fixed price of Es3,100. Unsold shares will be offered to general investors.

Foreign investors can only buy up to 25 per cent of the shares with voting rights, but they can bid in alliance with Portuguese groups for the single bloc as well as for shares offered to general investors.

Mundial has grown rapidly in recent years, almost doubling its assets from Es46.9bn in 1988 to Es88.7bn in 1991.

Cementia ahead 7% to SFr76.7m

CEMENTIA, the Swiss sub-holding company in the Lafarge Coppée cement group, reported consolidated net income of SFr76.7m ($51.40m) in 1991, up 7 per cent from the previous year. The rise was attributed to restructuring in North America and strong demand in Spain, writes Ian Rodger in Zurich.

Directors have proposed dividend increases, from SFr65 to SFr70 on bearer shares and from SFr13 to SFr14 on participation certificates.

Chrysler rethinks Mitsubishi Motors shares disposal

By Simon London

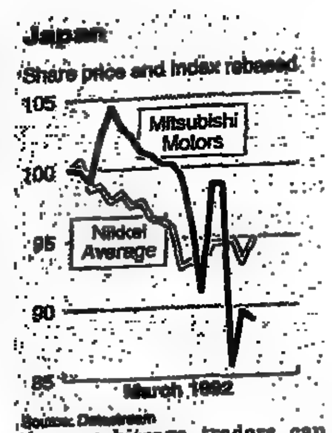
CHRYSLER, the US automotive group, is reconsidering a planned sale of shares in Mitsubishi Motors following a heavy fall in the Japanese company's share price caused by arbitrage selling.

Bankers expected the international sale of 7m shares to be formally announced on Tuesday and priced at a fixed 3 per cent discount to the secondary market. The sale would raise around $37m for the US company at the share price of around Y700 ($5.2) which prevailed for most of this month.

On Monday, however, Mitsubishi Motors' stock fell Y92 to Y612 against the background of a rising stock market. The Nikkei 225 stock market index rose 54.51 on the day.

Morgan Stanley, which is favourite to win the mandate if the deal goes ahead, declined to comment on the reason for the sharp fall in Mitsubishi's share price.

However, equity syndicate officials at other banks said the fixed discount pricing structure adopted for the deal was an invitation to arbitrageurs. By selling the outstanding stock and taking short positions, arbitrage traders can drive down the outstanding shares in the hope of picking up new stock at a cheaper price.



Source: Datastream

The results of this type of arbitrage trading are particularly pronounced where routine secondary market activity is light. Daily trading volume on the Tokyo Stock Exchange, where Mitsubishi Motors shares are listed, fell below 200m shares during February, the lowest level since the 1950s relative to the size of the market. Yesterday, Mitsubishi Motors shares recovered slightly and closed at Y635.

SMH seeks to boost capital to DM180m

By David Waller in Frankfurt

SCHRODER Münchmeyer Hengst & Co, the German investment bank which is about 75 per cent-owned by Lloyds Bank of the UK, is holding its first capital-raising exercise in eight years.

The bank announced yesterday it was planning to increase its equity capital from DM140m ($87.5m) to DM180m in the middle of 1992, in a move which will not lead to any change in the shareholding structure.

It will be subscribed to by Lloyds, by the five personally liable partners, and by senior management.

SMH also announced that profits for the 1991 financial year were "satisfactory", business in the first 12 weeks of the year had progressed well, and profits were considerably higher than for the same period last year.

The bank did not disclose any figures, saying only that operating profits for 1991 almost reached the record level of 1990, while net profits fell slightly below the previous year's results.

Although net interest earnings rose by almost one-fifth, commission profits were down by 12.5 per cent, reflecting reduced level of turnover on Germany's stock exchanges last year.

INTERNATIONAL CAPITAL MARKETS

Attention focuses on US durable goods data

By Patrick Harverson in New York and Richard Waters in London

ALTHOUGH conflicting *economic news* left US Treasury markets in two minds yesterday, dealers paid more attention to the weaker-than-expected durable goods report than to a big rise in home sales, and consequently prices retained their firm tone throughout the morning session.

GOVERNMENT BONDS

By midday, the benchmark 30-year government issue was up ⅛ at 100⅜, yielding 7.934 per cent. The two-year note was also slightly firmer at midsession, up 1/16 at 100½, to carry a yield of 5.716 per cent.

The market opened in a positive mood following Tuesday's poor car sales data and the successful two-year auction, and sentiment improved on news of a 0.1 per cent decline in February durable goods.

The market had been expecting durable goods to show a rise of about 1.5 per cent, and the unexpectedly weak figure sparked *speculative buying*, some solid retail demand, and short covering by dealers, which combined to lift prices across the maturity range.

Later in the morning, however, news of a 9.3 per cent rise in existing home sales during February put a dent in the market's optimism, although the figure was not enough to *reverse all the early gains* as confidence ahead of the afternoon auction of five-year notes kept prices afloat.

● FRENCH government bonds clawed back more of their *lost* ground of recent days, helped in particular by a rumour late in the day that Mrs Edith Cresson, the French prime minister, had offered her resignation. That was enough to help the yield on 10-year French OATs fall another couple of basis points against German government bonds, leaving the yield spread at around 66 basis points.

Analysts continued to remain generally optimistic that French bonds would improve in the days ahead, as investors came to see that the sell-off ahead of last weekend's local elections had been overdone.

Strong economic fundamentals should leave French bonds in at least as good a position as Dutch government bonds, according to one analyst – yet the yield gap between the two had opened up from zero in late January to 35 basis points by the start of this week. That had fallen to 27 basis points by last night.

● GERMAN government bonds gained on the day as a relaxed stance from the Bundesbank in its weekly securities repurchase tender – together *with indications that inflation* figures for the year to mid-March may come in below expectations – added to the feeling that further interest rises are not in prospect.

An early guide to the latest inflation figures came from the state of Baden-Württemberg, which reported a 4.6 per cent rise in the year to mid-March, up 0.2 per cent from the previous month. *That seemed to* point to an overall figure slightly below analysts' forecasts.

● THE UK gilt market appeared to sink into pre-election torpor, no longer able to raise much enthusiasm to trade on the latest political opinion poll results: these continue to show the mood of the electorate swinging between the two main parties.

After the sell-off of the past *10 days, though, there was still* room for some improvement in prices, put down largely to efforts by traders who had left themselves short of bonds to square their books.

The gilts future on *Liffe* traded between 94 13/32 and 94 28/32, ending the day towards the top end of this range. The benchmark 9 per cent gilts due 2011, which ended on Tuesday night at 95⅝, rose further yesterday to 95¾.

● IN *Japan*, the wait *for a 0.5* percentage point cut in the Official Discount Rate kept government bonds pinned down in their trading range of recent days.

The benchmark bond *129* ended the day at a yield of 5.335 per cent.

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	99.9509	0.551	10.01	10.10	10.09
BELGIUM		9.000	08/01	100.5500	0.000	8.90	8.76	8.74
CANADA *		8.500	04/02	98.8000	0.300	8.68	8.87	8.80
DENMARK		9.000	11/00	100.9000	0.400	8.83	8.76	8.60
FRANCE	BTAN	8.500	03/97	98.1834	0.229	8.96	8.93	8.78
	OAT	8.500	11/02	98.9500	0.400	8.64	8.62	8.51
GERMANY		8.000	01/02	99.9700	0.140	7.99	7.94	7.93
ITALY		12.000	02/02	98.1600	0.060	12.32†	12.20	12.22
JAPAN	No 119	4.800	06/99	95.6537	0.001	5.61	5.61	5.71
	No 129	6.400	03/00	105.9954	0.117	5.33	5.36	5.40
NETHERLANDS		8.250	02/02	99.1300	0.180	8.37	8.30	8.32
SPAIN		11.300	01/02	101.8500	0.180	10.94	10.86	10.76
UK GILTS		10.000	11/96	99-31	+00/32	10.00	9.96	9.46
		9.750	08/02	100-01	+04/32	9.74	9.76	9.34
		9.000	10/08	95-21	+06/32	9.53	9.53	9.15
US TREASURY *		7.500	11/01	99-31	-06/32	7.50	7.63	7.45
		8.000	11/21	100-02	+04/32	7.94	8.07	7.88

London closing, *denotes New York morning session. Yields: Local market standard. † Gross (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. *Technical Data/ATLAS Price Sources*

Investment fund of $50m planned for Caribbean

By Canute James in Kingston

A $50m INVESTMENT fund for the Caribbean is being planned by the Caribbean Economic Community (Caricom).

The community's 13 member-governments have invited finance houses in Europe and North America to make proposals for setting up the fund, which is to invest in equities of companies in all Commonwealth Caribbean countries.

Government officials say there has already been a show of interest from some companies, including the Crown Agents and John Govett of the UK, and some financial services conglomerates in the Caribbean.

Institutions such as the International Finance Corporation of the World Bank, the Inter-American Investment Corporation, an arm of the Inter-American Development Bank, and *the European* Investment Bank are also said to be interested.

The move to deregulated economies in the region has created many new investment opportunities, said Mr Vivian Brown, executive director of the policy review unit in the office of the Jamaican prime minister.

The sponsors of the fund, to contain both quoted and unquoted companies, will be expected to raise capital through methods such as private placements with institutional investors. *The community* will decide in July which finance house has been approved.

Companies in the community have had only moderate success in attracting capital, and depend on commercial and development banks. Some governments are unhappy that the sale of state enterprises has given new foreign investors control of companies in the region. Bankers say the fund would be a more palatable method for financing divestment and business expansion.

Caricom is offering a range of incentives for the fund, including the ability to remit dividends and capital gains free of withholding taxes.

Sweden goes for variety in sell-off programme

By Tracy Corrigan

THE SWEDISH government's privatisation programme, due to kick off *this summer* with the sale of SSAB, the state-owned steel company, will adopt a variety of methods, tailored to suit different categories of company.

INTERNATIONAL EQUITY ISSUES

The 34 state or partially-owned companies in the programme represent a broad spectrum of businesses in terms of industry sector, size and structure, according to Mr Jan Amethier, an adviser to the Swedish government on privatisation.

Speaking at a presentation to investors in London yesterday, he said that the companies can be divided into *four main categories*:

● Four publicly-quoted companies in which the state owns less than 100 per cent are likely to be privatised through a secondary share offering. In this category fall SSAB, which has already been named as the first company to be privatised, NCB, the forestry company, Nordbanken, in the financial sector, and Procordia, the food and pharmaceuticals group.

● Three large wholly-owned industrial companies, Assi, the pulp and paper company, Celsius, *the diversified industrial* group, and LKAB, the mining company, could be subject to a variety of approaches, including merger and alliance.

● The public utilities are expected to be subject to structural changes before they can be privatised. The government does not aim to privatise monopolies.

● The fourth category consists of small companies which would not merit a share offering but are likely to be privatised by means such as management buy-outs. Some of these companies operate as niche monopolies.

Relatively few of the companies will be suitable for large global share offerings. However, the Swedish government is aware of the "importance of international investors who can play a major role in ensuring continued demand in the after-market," according to Mr Amethier.

Although the widening of domestic share ownership is a crucial goal, the government *will seek to create* "equal opportunities for domestic and international investors," he said.

The public offerings are likely to be spread over a number of years, as care will be taken not to crowd the markets. The large companies may be sold off in stages.

● Remy Cointreau, the French drinks group formed in December from the merger of Pavis and Remy & Associates, will next week triple the number of marketable shares in issue with a $100m international share offering, writes Simon London.

Only 10 per cent of the company's shares are currently traded, with a controlling 50.46 per cent interest held by the family of Mr Heriard Dubreuil, who heads the merged group.

The offering comprises a 20.8 per cent equity stake held by the company itself plus warrants for the purchase of additional shares. The issue, lead-managed by Barclays de Zoete Wedd, will be priced on Monday close to the prevailing market price of FFr195 per *share*.

However, the thin market makes Remy Cointreau one of the more volatile stocks quoted on the Paris bourse. The offering of warrants is designed to reassure investors that the current market price represents fair value.

Wellcome Trust, the charitable foundation which funds medical research, faces a similar problem – but on a much grander scale – in deciding on a structure for its £4.5bn sale of shares in Wellcome, the pharmaceuticals company.

The *sale*, expected to take place in the summer and lead managed by Robert Fleming, may also triple the number of marketable shares.

Portugal sheds some light on a gloomy market

By Simon London

PORTUGAL continues to be a bright spot amid the otherwise gloomy scenery of European bond markets, a fact underlined by the warm reception given to yesterday's Es10bn issue by the European Coal and Steel Community.

INTERNATIONAL BONDS

The five-year deal saw strong demand from continental European investors, including Italian retail buyers who pay no withholding tax on bonds issued by supranational organisations of which Italy is a member, and institutions in Germany and Switzerland.

The 11⅛ per cent bonds were *issued at 100.90* and traded down to par during the day, well inside full fees of 1⅞ per cent. At this level the yield is 11.25 per cent.

Syndicate officials said that demand for Escudo bonds remained buoyant, with investors attracted by high yields and the strength of the Portuguese currency, which been informally linked to the Ecu since last year.

Primary market issuance remains limited to supranational institutions. Yesterday's deal was only the second this year. This has contributed to a steady decline in yields while other European markets have retreated over the past two weeks.

The other deal this year, a Es16.9bn five-year issue by the World Bank in early February, was priced to yield 11.65 per cent.

Even borrowing by approved supranational agencies is restricted by a government ruling that currency swaps can only be undertaken with Portuguese counter-parties, such as companies with matching foreign currency exposures. This limits the number of currency swap opportunities available.

Yesterday's deal was swapped into *floating-rate* dollars for the issuer by Banco Portugues De Investimento, which also lead managed the transaction.

The only approved borrower with a natural requirement for Escudo funds is the European Investment Bank, which makes loans denominated in the Portuguese currency. The EIB is likely to be the next borrower to tap the market *and is expected to launch a* Es15bn issue next month.

Elsewhere in the international bond market, new issue activity remained light. Late in the day, the Council of Europe launched a C$125m two-year issue, lead-managed by Morgan Stanley, aiming to attract investors switching funds out of money-market instruments.

The 8⅝ per cent bonds were reoffered to investors at a fixed price of 99.76. At this level the yield is around 1 per cent more *than that available* from Canadian dollar cash deposits, and 35 basis points more than two-year Canadian government bonds.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Copene-Petro.do Nordeste(b)†	50	11	98.267	1994	1⅛/⅞	Chase Investment Bk
D-MARKS						
East Asiatic Co.(a)†	150	8¾	101.30	1997	2/1⅛	WestLB
YEN						
Mitsui & Co Ltd.(c)†	30	(c)	101.475	1996	1⅝/1.425	Daiwa Europe
Suzuki Motor Corp.(a)†	20	6	101.45	1996	1⅝/1⅛	Nikko Europe
CANADIAN DOLLARS						
Council of Europe.(a)†	125	8⅝	100.735	1994	1⅛/1.075	Morgan Stanley
ESCUDOS						
Euro.Coal & Steel Comm.(a)†	10bn	11⅛	100.90	1997	1⅞/1⅛	Bco.Port.de Invest.

✦✦Private placement. §Convertible. ¶With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Coupon payable semi-annually. Non-callable. c) Coupon pays 5.6%, then pays ⅛ below 3 month Libor from 10/7/95

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 8:00 pm on March 25

U.S. DOLLAR STRAIGHTS; OTHER STRAIGHTS; DEUTSCHE MARK STRAIGHTS; FLOATING RATE NOTES; SWISS FRANC STRAIGHTS; CONVERTIBLE BONDS; YEN STRAIGHTS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (three-month above mean rate) for US dollars. C.cpn=The current coupon. CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	41	12	27
Other Fixed Interest	10	0	7
Commercial, Industrial	189	325	957
Financial & Property	80	187	521
Oil & Gas	17	20	50
Plantations	0	0	9
Mines	17	34	96
Others	29	54	45
Totals	383	632	1,712

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

... other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Offered to holders of ordinary shares as a "rights". ‡ Introduction. § Placing price. †† Reintroduction. ¶ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings — March 16
● Last Dealings — March 27
● Last Declarations — June 25
● For settlement — July 6

3-month call rate indications are shown on this page.

Calls in: Amstrad, Ashley Group, Barratt Devl., Brit. Steel, Gestetner, Lonrho, Pentland, Premier, Racal and Tarmac. Puts in: Friendly Hotels, Futura, Lonrho and Wilshaw.

LONDON TRADED OPTIONS

[illegible]

TRADITIONAL OPTION 3-month call rates

■ INDUSTRIALS		Charter Cons.	37	Ladbroke	17	Sears	8	■ OILS	
Allied-Lyons	40	Comm Union	32	Legal & Gen	[illegible]	SmKl Bchm A	55	Aviva Pet	30
Amstrad	5½	Courtaulds	36	Lex Service	16	TI	48	BP	21
Astec (BSR)	3	Eurotunnel	34	Lloyds Bank	29	TSB	9½	Burmah Castrol	38
BAT Inds	60	FKI	5½	Lonrho	15	Tesco	19	Conroy Pet	5
BOC	49	FNFC	8	Lucas Inds	10½	Thorn EMI	58	Gaelic Res	½
BTR	32	Forte	18	Marks Spencer	24	T & N	11½	Premier Cons	2½
Barclays	30	GKN	26	Midland Bank	19	Unilever	70	Shell	35
Blue Circle	20	Gen Accident	31	NatWest Bank	23	Vickers	12	Tuskar Res	½
Boots	33	GEC	15	P & O Dfd	[illegible]	Wellcome	72	■ MINES	
Bowater	56	Glaxo	59	Racal Elect	5	■ PROPERTY		RTZ	[illegible]
Brit Aerospace	30	Grand Met	70	RHM	16	Brit Land	18		
British Steel	6	GRE	10	Rank Org	52	Land Sec.	32		
Brit Telecom	24	Hanson	16	Ratners	3	MEPC	26		
Cadburys	33	ICI	90	Reed Intl	39				

Hepworth contains fall to £70.4m

By Angus Foster

HEPWORTH, the building materials and home products company, managed to contain last year's expected fall in UK profits due to higher than anticipated growth in Europe.

Pre-tax profits fell to £70.4m (£90.1m) in the year to December 31. Turnover slipped to £661.3m (£686.2m) as UK operations were affected by the depressed construction industry and recession.

Glow-worm

Mr John Carter, who took over as chief executive last month after Mr Sinclair Thomson was forced to resign through ill health, said the company did not expect a quick economic recovery but remained confident in the medium term.

Operating profits in the building products division, which includes drainage pipes and plastic plumbing, fell 39 per cent to £20.6m. Despite a severe downturn in the UK, clayware products increased sales in Europe.

Saunier Duval, the French boiler maker acquired in 1990, lifted operating profits to £22.9m and reported continuing strong growth in Spain and Italy.

Home products, which includes garage doors and heating products, managed to increase profits 10 per cent to £16.8m, despite declining markets.

Most of the growth came in the second half from Glow-worm boilers, which improved sales and profits.

Refractories and minerals saw profits decline 21 per cent and 27 per cent respectively, mainly due to recession.

Earnings fell to 24.3p (30.9p) but the final dividend is held at 9.35p for an unchanged total of 14.85p.

Saunier Duval

Cash flow remained strong and net borrowings fell to £57.5m following a £6.5m debt reduction. This, combined with an increase in shareholders's funds, reduced gearing from 44 per cent to 33 per cent.

COMMENT

Hepworth's results were in line with expectations so the 14p rise in the share price to 379p was slightly surprising. Perhaps the shares are merely making up for losses since the appointment of Mr Carter. Certainly the City seemed pleased with his performance yesterday, and is reassured that Hepworth's strategy will remain essentially the same. The company has long been touted as an early beneficiary of recovery, and Glow-worm's performance again demonstrated the potential of the group's brand names. The only dark spots are refractories and minerals which are likely to do no better than maintain profits and could fare worse if further rationalisation costs are incurred. Forecast profits for the year range from £71m to £77m, putting the shares on a multiple of about 15, suggesting most of the good news is in the price.

CU raises £17m for green trust

By John Authers

COMMERCIAL Union, the insurance group, yesterday announced that it was raising £16.9m via a placement of shares to launch a new investment trust.

Most of the shares have been taken by institutions, as had always been CU's intention but a small proportion has gone to large intermediaries.

The CU Environmental Trust will aim for long-term capital growth from investments in companies which benefit from new environmental protection expenditure.

There will be no geographical limitations.

Listing particulars were published yesterday for the issue of 17.5m ordinary shares at 100p each, with warrants attached on a 1-for-5 basis providing the right to buy shares at 100p at annual intervals over the next 10 years.

Dealings are expected to start next Friday, April 3.

The trust will be managed by CU Investment Management, which will receive an annual management fee of 0.75 per cent, plus an initial fee of £40,000 (exclusive of VAT).

James Capel will act as sponsor and stockbroker.

Continued progress at Micro Focus with 23% rise to £18m

By Alan Cane

MICRO FOCUS, the Newbury-based software company whose share price, currently £22.23p, has become the wonder of the UK-owned electronics sector, maintained its seemingly unstoppable progress last year.

Profits before tax rose 23 per cent in 1991 to reach £18.1m (£14.8m), while revenues were up 20 per cent to £55.9m (£46.5m).

Fully diluted earnings advanced 26 per cent to 83.1p (65.9p) per share.

The rise in cash reserves was 50 per cent to £30.9m (£20.4m). There was a gain of £478,000 from the sale of the company's 54 per cent interest in Softwright Systems.

Micro Focus, in keeping with US rather than UK practice, is not paying a dividend.

The remarkable growth of the share price – it languished around the 600p-800p mark for much of the 1990s – is the result of US investment through American Depositary Receipts (ADRs).

Some 39.4 per cent of the company's stock is now held in this form.

US investors are reckoned to understand Micro Focus and its products much better than their UK equivalents, who have frequently found it difficult to value the company adequately.

Now Micro Focus is set for a listing on the US Nasdaq exchange.

In November last year, it started the process of registering as a "foreign private issuer" with the US Securities and Exchange Commission, a necessary prerequisite to a Nasdaq listing.

Mr Paul O'Grady, chairman, said 1991 had been a tough year and 1992 would be no easier.

He expected, however, to maintain growth in both revenues and profits. Tight control on cost expansion is being maintained until there are real signs of an economic upturn.

COMMENT

Micro Focus' performance would be more than respectable in a healthy economy, but to have grown by more than a fifth in the deepest recession the computing services business has endured with a gross margin of more than 30 per cent is a tribute to the company's tight management and careful housekeeping. It markets its products – software tools to make computer programmers more productive – both to corporate customers and to computer manufacturers like ICL, Siemens Nixdorf and Groupe Bull. It enjoys a close relationship with IBM as a member of the large computer manufacturer's international alliance. There would seem to be little, apart from a further sharp deepening of the recession, that should prevent the company maintaining its growth this year. Laing & Cruickshank estimate pre-tax profits of £22m for 1992, equivalent to earnings of 104.1p per share. That would give a prospective p/e of 21 which would hardly be considered extreme for a similar company in the US.

BOARD MEETINGS

TODAY

Interims- Gleeson (MJ), Kalamazoo, Micklegate, Murray Ventures, Ricardo Intl, Wellcome

Finals- APV, Appleyard, Booker, Bostrom, Bunzl, Burman Castrol, Barnford, CMW, Calor, Cannon St Invs, Clarkson (Horace), Coats Viyella, Jardine Strategic, Jeyes, Lopex, Monument Oil & Gas, Morrison (Wm) Supermarkets, Pittard Garner, Seafield Resources, Secure Trust, Shelfield Insulations, Slough Estates, Spear (JW), Tibbett & Britten, Tudor, United Newspapers, Weir, Wolstenholme Rink.

FUTURE DATES

Interims-	
Magnetic Materials	Apr 7
Ossory Estates	Apr 6
UDO	Mar. 27
Finals-	
BNB Resources	Mar 31
Chepstow Racecourse	Apr 6
Freeman	Apr. 22
Hambros	Jun. 10
Inishtech	Mar 30
Magnolia	Apr. 8
New Ireland	Apr 3
Provident (Aerospace)	Apr 8

Coats plans to sell another Tootal division

By Daniel Green

COATS VIYELLA, Britain's biggest textile company, is in talks to sell another division of Tootal, the rival it acquired last May after an acrimonious takeover battle.

Coats wants to sell Lantor Group, the non-woven materials business, to the privately-owned Freudenberg Group of Germany, one of the world's biggest suppliers of high performance textiles. It would be Coats' second disposal of part of Tootal.

The announcement comes ahead of its final results today. "We had to release the news to satisfy Dutch laws," Coats said. The Netherlands subsidiary of Lantor has to inform its staff that the company could be sold.

Coats said that non-woven textile materials were peripheral to its activities. Freudenberg, the world's biggest producer of non-woven materials, said Lantor would fit well with its existing operations.

There was no indication of the price Lantor might fetch. However, analysts suggested it was likely to be less than £25m. That compares with the near-£40m valuation in 1988 when Tootal bought the 49.9 per cent of Lantor it did not own.

Lantor's products are sold for medical and marine defence applications and it has operations in the UK, the Netherlands, the US, Australia and the Far East.

In September Coats sold Slimma, a womenswear maker, to Dewhirst for £14.1m.

Bunzl sells papermaking business for £10.2m

By Peggy Hollinger

BUNZL, the packaging and cigarette filter group, is pulling out of its original papermaking business with the £10.2m sale of its hospital and medical papers operations to Arjo Wiggins Appleton.

The group, which is due today to announce 1991 profits, is selling the assets of its Wycombe Marsh Paper Mills, Buckinghamshire, and Bunzl Speciality Materials in Atltanta, Georgia, for £7m in cash with a further payment of £3m to be phased over five years.

Bunzl will retain the factory site and Arjo will move the equipment to its Palalda mill in south-west France over a period of two years.

The disposal is the final significant asset sale indicated by chief executive Mr Tony Habgood at the interim stage in September.

The group closed its US food services division, after just four years of ownership, and sold the assets for $4m to Albert Fisher of the UK.

The papermaking activities were "peripheral to our activities," said Mr Habgood, who was appointed to his post last summer to refocus the group following its acquisitive binge in the 1980s. Mr Habgood said Bunzl retained an important distribution business in the US, while the cigarette filter operations were "strong and competitive".

Altogether, disposals over the past six months represent just over £250m in sales, said Mr Habgood, although the effect would be less on the group's profit and loss account. Bunzl reported a 32 per cent decline in profits to £20.6m at the interim stage.

Bunzl has been in papermaking since before the company's founding Czechoslovakian family came to Britain in the 1930s.

British Alcan's losses plunge to nearly £46m

By Kenneth Gooding, Mining Correspondent

ANOTHER 1,200 jobs were lost at British Alcan Aluminium last year as the worst aluminium industry conditions in living memory plunged the group into a £45.6m pre-tax loss.

This was after an exceptional charge of £29.6m for reorganisation and plant closures and compared with a deficit of £12.3m for 1990, including a £10m exceptional charge.

Mr Douglas Ritchie, chairman, said: "There are some signs that the UK recession may have bottomed out but none of these amounts to a return to the growth conditions experienced in earlier years."

He pointed out that British Alcan had generated a positive cash flow for three quarters of 1992 and that it ended last year with debt only 36 per cent of equity, which was "acceptable for this stage of the business cycle."

British Alcan is wholly owned by Alcan of Canada and there were clear indications that the UK company both benefited and suffered at the hands of Alcan's international strategy last year.

As aluminium prices fell to their lowest-ever level in real terms, partly because of the recession and partly because of a sudden flood of imports from the former Soviet Union, Alcan cut its world-wide primary aluminium production by 8.5 per cent. The brunt was borne in the UK where one of two 66,000 tonnes a year potlines was shut down at British Alcan's Lynemouth smelter and output at the Lochaber smelter in Scotland was cut by 10 per cent.

However, Alcan also brought into operation Europe's first dedicated aluminium can recycling plant at a total cost of £28m at Warrington. Mr Ritchie said this was performing above budget.

He said the recession quickened the pace of change made in line with the group's long-term investment and development strategy and led to redundancies elsewhere in the group.

British Alcan withdrew from production of aircraft sheet at Falkirk which it said was "labour intensive and environmentally unsatisfactory," and closed Pentagon Radiator because it showed no sign of returning to profitability. The group also consolidated its mainstream aerospace operations and put all its commercial extrusion and tube operations into one business.

Sales last year were down 11 per cent at £730.8m, with falling volumes in the UK partly offset by rising export tonnage, particularly to the rest of the European Community. There was a tax credit of £3.5m against a £2.4m charge, giving a net loss of £42.1m (£14.7m).

PUBLIC WORKS LOAN BOARD RATES

Effective March 25

	Quota loans*		
Years	EPI†	AT††	annuity‡
1			10⅞
Over 1 up to 2	10⅞	10⅞	10⅞
Over 2 up to 3	10⅞	10⅞	10¾
Over 3 up to 4	10¾	10¾	10⅝
Over 4 up to 5	10¾	10¾	10⅝
Over 5 up to 6	10¾	10⅝	10⅞
Over 6 up to 7	10⅝	10⅝	10¾
Over 7 up to 8	10⅝	10⅝	10¾
Over 8 up to 9	10⅝	10⅝	10¾
Over 9 up to 10	10⅝	10⅝	10⅞
Over 10 up to 15	10⅞	11	10⅞
Over 15 up to 25	11	10⅞	10¾
Over 25	10⅞	10¾	10⅝

*Non-quota loans A are 1 per cent higher and non-quota loans B 2 per cent higher in each case than quota loans. †Equal instalments of principal. ††Repayment by half-yearly annuity (fixed equal half-yearly payments to include principal and interest). ‡With half-yearly payments of interest only

Shares marked down as outcome falls short of market expectations

Reckitt & Colman rises to £252.3m

By Maggie Urry

RECKITT & COLMAN, the food and household products group, increased pre-tax profits last year, helped by the £713m acquisition of Boyle-Midway in 1990.

Pre-tax profits, at £252.3m, were up 7.3 per cent from 1990's figure of £235.2m. However, the results were slightly below market expectations and the shares fell 6p to 640p.

Sir Michael Colman, chairman, said that Boyle-Midway, which makes household and hair-removing products, paid for itself in 1991 even after an increase in interest charges.

The net interest bill rose from £17.5m to £40.3m, reflecting a full year of Boyle-Midway. Fully diluted earnings per share, however, showed minimal progress to 40.77p (40.22p).

Sir Michael said that the group had spent more heavily on marketing its brands. He said that 80 per cent of the £101.9m increase in distribution costs to £615.1m was attributable to increased marketing costs.

Trevor Humphries

Iain Dobbie (left), Sir Michael Colman and Vernon Sankey (right): stressed increased marketing expenditure

A final dividend of 9.55p is recommended to give a total of 15.1p (13.6p) for the year. Sir Michael said that the rise of 11 per cent compared to inflation of about 4 per cent and the group's aim was to maintain a realistic progression in the dividend.

Sales increased by 12.7 per cent to £1.99bn while trading profits were almost 16 per cent higher at £292.6m. Margins were helped by savings made through the integration of Boyle-Midway and a reorganisation of European manufacturing facilities.

Mr Vernon Sankey, who took over as chief executive in January, said that both the household and toiletry and pharmaceutical divisions were core to the business.

Household and toiletry trading profits rose by 28 per cent and margins were up from 14.2 to 14.9 per cent. Pharmaceutical profits were hardly changed at £40m and margins fell from 25.4 to 23.8 per cent as the division was affected by recession in its main markets.

The food division increased trading profits by 6 per cent to £57.4m while margins rose from 10.7 to 11.1 per cent, still well below the group average. Trading profits from other activities fell from £13.2m to £8.8m although this partly reflected the sale of the fine art and graphics business in 1990.

After a slightly lower tax rate at 32.6 per cent, there was £12.9m (£4.86m) of interest on the group's convertible bonds, which it regards as equity rather than debt.

The balance sheet had net debt of £338.3m at the year-end, a fall of £19.5m. Shareholders' funds were up from £636.1m to £719.6m.

Mr Iain Dobbie, finance director, said the group preferred to look at interest cover on debt rather than gearing. Interest cover was 7.3 times, or 5.3 times if the interest on the convertible bonds is included, levels with which the group was comfortable.

See Lex

JLI calls for £13m to finance acquisitions

By Maggie Urry

JLI Group, the prepared vegetables, dried fruit, nut and popcorn group, is raising £13m net of expenses through a 1-for-2 rights issue at 98p a share. The money raised is to finance acquisitions.

The shares fell 8p to 115p on the news.

The group's previous rights issue, launched last July, was also a 1-for-2 but at 87p and raised £7.7m.

JLI forecast a pre-tax profit of not less than £3.1m for the year to March 31, compared with £2.3m in 1990-91. It promised a final dividend of 3p, to which the new shares will be entitled, to give a total of 4.5p (4.3p).

Analysts expect earnings per share to be about 9.3p against 8.5p reported last time.

The group is buying Golden Twin, an own label nut processor and packer, for £2.1m and taking on £1.5m of debt.

It is in advanced negotiations with two other companies and the cost of the three deals, including borrowings taken on, will amount to about £13m.

In April JLI also has to make a £2m final payment for Playtime Foods, a nut and popcorn business, acquired last July.

Mr Yoav Gottesman, chief executive, said that the aim of the rights issue was to keep year-end gearing at about 25 per cent, and allow the group to finance seasonal debt peaks.

He said that the issue would not cause dilution in 1992-93 even without any economic recovery because of savings which could be made from combining production.

He added that Mr John Alexander, non-executive chairman, who is 69, would not take up the rights on his 1.1m shares but the other board members would.

Rising costs behind 59% jump in Microvitec loss

By Peggy Hollinger

LOSSES jumped by 59 per cent at Microvitec, the USM-quoted computer terminal manufacturer which took over the Logitek computer services group in May 1991.

Mr James Bailey, chairman, said the group had survived the "worst conditions ever experienced by our industry". However, Logitek had been successfully integrated and losses had been reduced substantially.

The acquisition of Logitek – funded by a £2.6m rights issue last May – was behind the more than doubled surge in administration and distribution costs, from £5.95m to £12.3m.

Those costs and higher interest charges of £747,000 (£196,000) led to deeper pre-tax losses of £3.8m (£2.4m).

Turnover rose by 58 per cent to £36.9m, again the result of the inclusion for seven months of Logitek.

Microvitec ended the year with gearing of 84 per cent. Mr Bailey said the group was commited to cutting gearing through working capital management and a £2m repayment of UK corporation and overseas tax.

He also said Microvitec had been awarded $750,000 (£434,000) in its claim against Worldwide Technology, but the payment was subject to appeal and had not been included in the 1991 accounts.

Mr Bailey said that the computer display division, which suffered heavier losses in 1991, had improved sales. Microvitec had also entered a 10 year joint marketing venture with Electrohome to provide monitors for the North American market.

Losses per share eased from 6p to 5.3p. There is no dividend (0.3p).

Clifford pins hopes on Japanese crumbs

By Angus Foster

CLIFFORD FOODS, the dairy products and fruit juice company, yesterday reported a 20 per cent fall in profits but said it had high hopes for Japanese crumbs.

The company has spent £2.5m, including ovens imported from Japan, to make breadcrumbs to sell to makers of breaded poultry and fish.

Mr Brian Lambe, finance director, said Japanese crumbs were better quality and generated higher margins. "They tend to be splintery type crumbs rather than ball crumbs," he added.

Clifford announced pre-tax profits down from £6.65m to £5.3m in the year to December 31. This was due to price cutting among companies supplying milk to supermarkets, an activity which generates about 27 per cent of Clifford's turnover.

Price cutting by competitors lost Clifford margin and business, although some custom has since been recovered. The company is also talking to customers about a price rise in a bid to restore margins to levels of a year ago.

Turnover fell 5 per cent to £140.6m. Interest charges were lower at £655,000 (£1.38m), reflecting lower interest rates and capital expenditure. Gearing fell from 26 per cent to 20 per cent on net borrowings of £7m.

Earnings dropped to 21.98p (26.26p). Directors are recommending an improved final dividend of 7.1p to make a total of 11.5p (11p).

Clifford is converting its Kidlington dairy into an automated carton milk unit and concentrating all milk bottling at another site.

The changes at Kidlington will involve write-offs and redundancy payments, the company said. About 30 staff are likely to be laid off.

Dunhill may buy Karl Lagerfeld

Dunhill Holdings, the luxury consumer goods group which has net cash balances of more than £160m, is in discussions which may lead to it buying Karl Lagerfeld, the fashion designer.

Karl Lagerfeld includes the fashion designer business and various boutiques selling luxury clothes and female accessories.

Medeva quadruples to £16.7m and talks of further purchases

By Richard Gourlay

AFTER A hectic year of acquisitions, Medeva, the UK pharmaceuticals group, yesterday reported quadrupled pre-tax profits for 1991 and put shareholders on notice that it was going shopping with new shares again soon.

The company, one of 1991's best-performing stocks, increased profits from £4.01m to £16.7m on sales up only 57 per cent at £82.4m (£52.6m).

Fully diluted earnings per share more than doubled to 8.3p (3.4p) and the board is proposing a final dividend of 1p, giving a total for the year of 1.5p, double last year's pay-out.

The shares gained 18p to close at 296p.

Gross profit margin increased from 39 to 46 per cent, despite the depressing effect of the highly competitive generics business, which only broke even after prices plummeted but still accounted for 36 per cent of sales.

"We are increasing our sales with much more profitable products than we started the business with [in 1990]," said Mr Bernard Taylor, chairman.

Organic growth was probably about 10 per cent, although it was difficult to break it out as the group's structure had changed so much during the year, he said.

Mr Taylor, a former chief executive of Glaxo, warned shareholders that although they had already supplied £196m in two years for Medeva's acquisitions, the group planned to acquire more products and marketing networks in countries like Germany, Italy and France.

The group paid tax for the first time, at 18 per cent, but expects that rate to rise to 29 per cent this year.

● **COMMENT**

Is there no stopping Medeva? Possibly not in the short term, although more than doubled earnings growth is surely not repeatable this year. Much less certain is the medium-term goal of forming a viable FT-SE 100 pharmaceuticals company – which depends on Medeva developing its own products for the market. A canny purchaser of product portfolios Medeva certainly seems to be, but it is too soon to judge the company as a developer of new products. In the short term, though, it is going to be quite a ride. Cost savings on the generics side will be swallowed up as prices plumb new depths, but strong growth in Adams and MD mean Medeva is forecast to achieve pre-tax profits of £38m and earnings per share of 13.3p, giving a prospective multiple of 22. Expensive? Yes, if the medium-term strategy fails. If it succeeds, however, investors who are willing to dig repeatedly into their pockets may be richly rewarded.

25% of companies taken over

By Maggie Urry

A QUARTER of the 2,525 companies quoted in the UK at the start of 1986 had been taken over by the end of 1991, according to a survey of the mergers and acquisitions industry. The review's author is the LEK Partnership, a strategy consultancy group.

Over the six-year period, only 41 per cent of companies receiving a hostile bid escaped. Targets of larger bids – worth more than £1bn – have a greater chance of survival at 55 per cent. The main reason for failure is price.

The study also concludes that agreed bids can often be made at similar premiums to hostile bids, but have a much better chance of success. In hostile bids the initial bidder has only a 45 per cent chance of winning.

During 1991 there were 70 successful bids for UK public companies, and 30 per cent of the top 1,000 UK companies were involved in bid activity, although it was a relatively quiet year. Three quarters of the bids, by value, involved UK targets.

Survivors of failed bids seem to gain a share price advantage, at least in the short term. Typically a survivor's shares fall to a level of between 10 and 15 per cent above their price a month before the bid, allowing for market movements.

Annual Review of Mergers & Acquisitions 1991, free from The LEK Partnership, The Adelphi Building, 1-11 John Adam Street, London WC2N 6BW.

Dolphin slips 4% to £3m

Both volumes and margins came under pressure at Dolphin Packaging in the final four months of 1991, according to Mr Moger Woolley, chairman.

As a result, pre-tax profits at this plastic packaging manufacturer slipped 4 per cent, from £3.17m to £3.03m.

The company, which moved up to the main market in August, had largely flat sales of £27.8m (£28.1m).

Earnings were 10.59p (10.89p) per share and the final dividend is maintained at 2.8p for an increased total of 4.5p (4.3p). The company has £1.3m cash in the bank.

Mr Woolley said Dolphin was refuting the claim from DRG Plastics and adequate provision against it had been made above the line.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding dividend	Total for year	Total last year
Aspen Comms	fin	2.2	June 19	5.4	4.9	8.1
Barratt Devs	int	nil	-	3.21	-	3.21
Boddington	fin	4.25	May 12	3.85	6.6†	6
Bridport-Gundry	int	1.5	May 29	1.5	-	4.1
Clifford Foods	fin	7.1	May 15	7	11.5	11
Cookson	fin	3☆	July 3	3	6†	6
Daniels (S)	fin	0.25	May 29	nil	0.25	1.25
Dolphin Pack	fin	2.8	May 26	2.8	4.5	4.3
Frogmore Estates	int	3.4	May 1	3.2	-	13.6
Hepworth	fin	9.35☆	July 6	9.35	14.65	14.65
Kingfisher	fin	9	June 5	8.4	13	12.2
Lambert Howarth	fin	8.5	May 14	7.65	12.5	11.25
Lasmo	fin	6.2†	May 22	4.75	8.5	8.5
Medeva	fin	1†	May 31	0.75	1.5	0.75
Oriel §	fin	3.2†	July 7	3	5	4.5
Page(Michael)	fin	1.2	May 22	1.2	1.8	1.8
Presoc	int	0.75†	May 22	0.75	-	2.4
Reckitt & Colman	fin	9.55☆	July 6	8.7	15.1	13.6
Rich Westgarth	fin	1.7	May 28	1.55	2.9	2.75
Thompson Clive	fin	3.8	June 8	3.6	3.8	3.6
Town Centre Secs	int	1	Jun 30	0.9	-	2.8

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. ☆Scrip option.

Cut in housing stock buoys Barratt

By Andrew Taylor, Construction Correspondent

BARRATT Developments said yesterday that a big reduction in its stock of unsold houses together with cuts in the number of houses held under part exchange deals had helped the group to a £2.5m pre-tax profit during the six months to the end of December.

This compared with a £14.5m pre-tax loss during the corresponding period a year earlier when the group made a provision of £16m to cover falling property prices.

Sir Lawrie Barratt, chairman, said the improvement had been achieved as a result of better housekeeping and savings flowing from the closure of some subsidiaries. Reductions in group borrowings had cut interest payments from £13.5m to £9.9m.

The number of unsold houses on its books was cut from 1,000 at the end of June to 500 by the end of December generating a saving of £45m. A further £15m had been saved by speeding the sale of "second hand" homes acquired under part exchange. About 60 per cent of group sales are assisted by part-exchange deals.

Cuts in administration costs had reaped a further £6m, said Sir Lawrie. He said that more savings would occur during the second half of the year.

Property sales amounted to £5.9m in the first half. A further £4.2m of sales had been completed since December.

UK housing turned round from an £8m pre-tax loss to a pre-tax profit of £6.3m despite incurring a further loss in southern England.

US housing incurred a reduced loss of £3.8m compared with a deficit of £6.5m last time.

● **COMMENT**

Sir Lawrie Barratt cheered the market with his announcement of a return to profits, an improving balance sheet and optimistic remarks about prospects for a steady recovery in the UK housing market. It is still too early to talk of a revival in the market but sales have picked up. Election uncertainty, however, could still disrupt what has been only a modest improvement. For Barratt it is a case of so far so good. Gearing remains high and more needs to be done. Pre-tax profits this year of £7m would put the group on a prospective p/e of more than 16. Sir Lawrie, however, still has his fans and a return to even a tiny dividend by the year end would help the rating.

Anti-climax for the venture adventure

Charles Batchelor on the sale of Hill Samuel's development capital arm

VENTURE CAPITAL is acknowledged to be a risky business. The small, unquoted companies in which venture capitalists invest are more prone than their larger, quoted counterparts to go bust.

But this week's decision by Hill Samuel, the hard-pressed merchant banking arm of the TSB banking group, to put its development capital arm up for sale, demonstrates that risk is not always in the most obvious place.

Hill Samuel's move will have caused managers in the UK's other large bank-owned venture capital companies to ponder their parent company's commitment to the sector. Most of the large clearing and merchant banking groups have venture, or more usually, development capital arms. Many of the banks, like Hill Samuel, are nursing large provisions made necessary by losses in other areas.

Hill Samuel decided to pull out of venture capital not because it was making losses – the bank insists it was successful – but because of a need to concentrate on activities with a more rapid pay-off. It expects to contract out the management of its portfolio.

"Business was going very well," said Mr Andrew Joy, managing director of Hill Samuel Development Capital (HSDC). "The TSB Group has decided to concentrate on businesses which don't require a medium-term view."

Hill Samuel is the first of the major UK banking groups to withdraw from venture capital. But this is the second time in just over a year that a UK-based venture capital company has fallen victim to a change of strategy at group headquarters.

In February 1991 Security Pacific Hoare Govett Equity Ventures was closed down by Security Pacific as part of a restructuring of its worldwide operations, in spite of making £14m profit in the year before it closed.

These two venture capital closures have come at a time of growing pressures on the industry. Ironically, most concern within the sector had been focused on the independent firms which have to raise their funds from fickle institutional investors.

A growing number of the independents have been unable to raise new funds for investment and are now engaged in managing their existing portfolios until they mature. Further discreet withdrawals among the independents are expected.

> This is the second time in just over a year that a UK-based venture capital company has fallen victim to a change of strategy at group headquarters

But Hill Samuel demonstrates that even venture capitalists within a large financial group cannot count on continued access to funds.

HSDC's operations were very modest – it had a fund of just £20m plus a further £100m allocation from Hill Samuel Bank – so its disposal will not have a significant financial impact on the industry.

But the decision to withdraw emphasises the uncertainty facing the sector, which has suffered a severe bruising over the past two years. In the early 1980s venture capital had a glamorous image and banks and other financial groups were only too keen to move into this market.

But recently venture capital has been hit by a combination of self-inflicted blows and adverse developments beyond its control. It has:

● failed to deliver the annual returns of 30 to 40 per cent promised in the early 1980s;

● come under pressure from institutional investors to provide better value for money from the management fees it charges;

● suffered damage to its image as a backer of small business because of a shift in emphasis to large management buy-outs, some of which have run into difficulties;

● seen the recession batter the small and medium-sized companies in which it invests.

After a decade of rapid growth the venture capital industry is now having to cope with the problems of retrenchment. The indications are that it will get worse before it gets better.

COMPANY NEWS: UK

Rationalisation and restructuring point way to future growth

Cookson declines 65% to £34m

By Paul Abrahams

COOKSON, the materials group, yesterday reported pre-tax profits down 65 per cent from £97m to £34m for the year to December 31. The figures included an £11m provision for rationalisation.

The severe recession and the restructuring undertaken to restore profitability showed through in the results, said Mr Robert Malpas, chairman.

However, the group had clearly turned the corner, he said. The balance sheet had been strengthened, profitability had been restored in the second half and the company was poised for growth.

Mr Malpas pointed out that operating profits on continuing activities had increased during the second half to £28m, about £2m higher than in the corresponding period of 1990.

The successful restructuring meant Cookson would increase its profits this year even without an economic recovery. However, the US was beginning to pick up and he hoped this trend would continue. Businesses in the Asia/Pacific area continued to perform well.

Group turnover fell from £1.9bn to £1.3bn following a series of disposals. Sales of continuing businesses fell from £1.28bn to £1.19bn.

The results benefited from a reduction in the tax charge from £40m in 1990 to £18m. Mr Fergus Munro, finance director, said this had been achieved by moving cash back to the UK.

As long as profits improved, he expected tax paid by the company to fall still further this year.

A reduction in net interest from £73m to £25m had also been achieved, said Mr Malpas. Gearing, counting convertible preference shares as equity, had fallen from 143 per cent in June 1990 to 51 per cent by the end of last year. Mr Malpas said he was aiming for about 40 per cent.

About 2,000 jobs had been shed since the beginning of 1990 and annualised savings of £25m had been realised. There would be further job losses this year, he said, though not as many as last year.


Robert Malpas: the group has turned the corner

Extraordinary items, incurred through closing a number of businesses, resulted in a charge of £19m (£31m).

Earnings per share were 1.8p (12.5p). The final dividend is maintained at 3p, making a total of 6p.

● COMMENT

Those looking for a cyclical recovery stock need look no further than Cookson. A strengthened management team has whittled down the business to core activities. Profits should increase without a recovery, but if the world economy improves the company would also be able to increase volumes without much additional cost. About 50 per cent of sales are in the Americas and the first glimmers of a potential recovery are becoming apparent. Heavily dependent upon the US automotive and building industry, which seem to have bottomed out, Cookson has little downside. Analysts are forecasting profits of between £70m and £100m, giving a multiple of between 10 and 15 on yesterday's close of 125p, up 9p. The stock appears good value.

Frogmore doubles to £4.4m

By Jean Marshall

FROGMORE ESTATES, the property company which last June defeated a hostile bid from Southend Property, doubled pre-tax profits from £2.15m to £4.35m in the six months to December 31. Turnover rose 13 per cent to £17m.

Mr Dennis Cope, chairman, said the profit was derived solely from trading activities, with a small loss of £149,000 (£4.02m profit) from the sale of investment properties. The decision to slim down, which the company took at the beginning of the recession, had a favourable impact on the result, he said.

The result was struck after sharply reduced provisions of £727,000 (£8.74m) for property write-downs.

The interim dividend is lifted to 3.4p (3.2p), payable from earnings per share on trading activities of 7.5p (2.9p losses).

Frogmore's contracted rent roll at December 31 was £13.5m (£16.6m) and several rent reviews are outstanding. There were no significant bad debts, Mr Cope said.

Sales of 111 housing units were made in the joint-venture low-cost housing developments, while reservations and completions continued "at a satisfactory rate".

In the current half the company had already committed more than £11m for property acquisitions.

At December 31 borrowings totalled £7m.

Higher interest charges restrict Boddington profits to £20.3m

By Philip Rawstorne

BODDINGTON, the pubs and drinks wholesaling group, reported a marginal increase, from £20.1m to £20.3m, in annual pre-tax profits as sharply higher interest charges offset a strong trading performance.

The cost of carrying its 20.4 per cent stake in JA Devenish, after last year's unsuccessful bid, accounted for £1.3m of the £3.55m increase in interest. Dividend payments from Devenish amounted to £140,000.

A further £3.27m of bid costs were taken below the line.

Mr Hubert Reid, managing director, said that the net cost of the Devenish stake this year was expected to be about £1.8m. "We regard this as a strategic investment," he added, "and we are keeping all our options open."

Trading profit for the year to December 28 1991, rose by 17 per cent to £25.7m (£22m) as turnover from continuing activities jumped 34 per cent to £185m (£138.5m).

The group's 476 pubs, most of them now refurbished in an investment programme which last year cost £6.2m, raised trading profits from £17.8m to £18.4m on turnover ahead 8.8 per cent. Further pub acquisitions are being sought.

Drinks wholesaling, expanded by two acquisitions last autumn, more than doubled trading profit from £1.89m to £4.29m and turnover is expected to rise from £75m to more than £100m this year.

Profits of the health care division advanced 61 per cent to £2.26m (£1.4m) as occupancy levels rose to an average 80 per cent in the 16 nursing homes.

Hotels and restaurants increased profits by 7.3 per cent, from £2.44m to £2.62m. Henrys Table restaurants, with sales 19 per cent ahead in the last quarter, led strong end-of-year performances which had continued through the first quarter of 1992, Mr Reid said.

Borrowings totalled £98.7m, including £22.3m for the Devenish stake, with gearing at 45 per cent.

Fully diluted earnings per share rose from 13.4p to 13.6p. and a final dividend of 4.25p makes a total for the year of 6.6p.

Burn Stewart on target to meet flotation forecast

By Philip Rawstorne

BURN STEWART Distillers, the Scotch whisky company which was floated on the Stock Exchange four months ago, reported relatively static interim pre-tax profits of £4m but said it was on target to achieve its full year forecast of £10.3m.

Operating profits for the half year to December 31 were unchanged at £5.4m on turnover increased from £18.9m to £19.4m.

Earnings per share declined from 6.7p to 6.1p.

As previously announced, no interim dividend is being paid. A final distribution of 3.33p will be declared at the June year-end.

Since its listing, the company has formed a joint venture with a Russian drinks business and is developing trading relationships both in the UK and overseas.

Mr William Thornton, chairman and managing director, said that trading in the second half was expected to benefit from improved margins due to the use of lower cost whisky stocks, and from a reduction of borrowings and interest charges.

Norweb/Hydro joint venture

Norweb, the Manchester-based regional electricity company, through its wholly-owned subsidiary, Norweb Power, has bought 50 per cent of Keadby Power (KPL), following which it will be jointly-owned by Norweb and Hydro-Electric.

Total consideration was £14.6m, financed from Norweb's cash resources

The vendors were Copthorne Investment Company, Cornelius Parish and Scottish Hydro-Electric.

KPL was formed by the vendor companies to develop and operate a gas fired combined cycle power station at Keadby, South Humberside.

Lambert Howarth ahead 14% as margins improve

By Ivor Duce

IMPROVED MARGINS helped Lambert Howarth, the footwear manufacturer and importer, lift pre-tax profits by 14 per cent to £3.8m in the year to December 31. Turnover increased by 6 per cent from £45.7m to £48.6m.

Mr Roger Rowland, chairman, said a higher percentage of leather footwear was manufactured in response to increased demand for higher grade shoes. This was partly linked to orders from Marks and Spencer and partly to a switch in customer preference away from synthetic shoes.

Lambert Howarth Global was the only area of the business to increase its sales but John Graham, the men's shoes business purchased in 1990, had a profitable second half following its move to Burnley last May, Mr Rowland said.

He pointed out that there had been delays in obtaining planning permission for the freehold building purchased in London, but renovation started in the new year and occupation was expected by September.

The company had also bought a building next to its Greenbridge factory, which would be refurbished. The production of the general trade division would be consolidated on one site this year. Savings would flow through fully in 1993. Related reorganisation costs of £320,000 were taken as an exceptional item.

The proposed final dividend rises to 8.5p making a total of 12.5p (11.25p). Earnings per share were 39.3p (31.1p) following lower tax of £1.02m (£1.11m).

NEWS DIGEST

Oriel moves ahead 33% to £2.81m

ORIEL GROUP, the insurance broker, lifted pre-tax profits by 33 per cent, from £2.11m to £2.81m, over the 1991 year. Commission income, net of discounts, and investments income improved from £8.76m to £12m.

Mr Nigel Cayzer, chairman, said the group's strategy of concentrating on niche broking businesses "proved more than resilient in the current weak economic climate".

Borrowings at the year-end amounted to £1.26m, reflecting a series of acquisitions and working capital requirements.

Mr Cayzer stressed, however, that day-to-day operations were cash-generative and the group does not intend to maintain long-term borrowings.

Earnings per share were 13.11p (11.15p); a proposed final dividend of 3.2p brings the total to 5p (4.5p).

Pressac shows sharp decline to £605,000

Pressac Holdings, the electromechanical components manufacturer, saw pre-tax profits decline to £605,000 in the six months to January 31.

The outcome, struck after an exceptional debit of £169,000 for redundancies and reduced interest charges of £279,000 (£480 000), compared with profits of £1.15m in the corresponding half of the previous year.

Turnover dipped some 7 per cent to £16.4m (£17.8m), although Mr Roger Boissier, chairman, pointed out that the sales decline was only 2 per cent against last year's second half.

Earnings fell from 3.9p to 1.53p but the interim dividend is maintained at 0.75p.

Estates & Agency advances to £0.44m

Estates & Agency Holdings, the property development group, reported pre-tax profits of £437,000 for the six months to December 31.

The outcome – a 25 per cent increase on the comparable £349,000 – came on gross rental income of £2.5m, up from £2.41m.

An interim of 2.5p is payable from earnings of 5.59p (4.26p).

Chelsea and Cabra agree on deferment

Cabra Estates, the heavily indebted property company, and Chelsea Football Club have agreed to defer the completion date for the latter's £22.85m purchase of its Stamford Bridge ground.

Following Chelsea's appeal to the High Court, the original date – March 26 – has been deferred to a date seven days after publication of the Court's decision.

Marginal assets rise at Thompson Clive

Net asset value of Thompson Clive Investments rose marginally, from 163.8p to 165p, over the 12 months to December 31.

Pre-tax profits declined from £780,000 to £729,000, but the dividend goes up from 3.6p to 3.8p from earnings of 4.2p (4.1p) per share.

Mr Colin Clive, chairman, said the fund at the year end consisted of £9.3m in quoted securities, £7.1m in unquoted and £5.3m in cash or the equivalent.

Exceptionals lift Bridport-Gundry

Bridport-Gundry, the Dorset-based netting and woven products manufacturer, reported pre-tax profits of £172,000 for the six months to January 31.

This marked a modest improvement on the £163,000 achieved last time, but was struck after a further reduction in interest charges – from £376,000 to £255,000 – and an exceptional gain of £140,000 arising from compensation for a cancelled US defence contract offset by a provision for property development costs. Operating profits declined 21 per cent to £427,000 (£539,000).

After a reduced tax charge, earnings per share emerged at 1.66p (1.12p); the interim dividend is held at 1.5p.

Blick seeks £3.7m to fund expansion

Blick is to raise £3.7m through the issue of 1.15m ordinary 5p shares at 325p each to institutional investors. The shares closed unchanged at 330p yesterday.

The issue has been fully underwritten by Kleinwort Benson. The new shares will increase Blick's issued ordinary capital by 5 per cent.

The principal business of Blick continues to be the sale, long-term rental and maintenance contracts for electronic equipment. The company said that a number of potential acquisitions were under consideration and the directors wish to raise the funds to give the company greater flexibility in its negotiations.

A further 352,250 shares will also be sold at 325p a share, of which 293,250 shares will be sold on behalf of directors and 59,000 on behalf of employees. Of the 352,250 shares, 130,250 will arise from the exercise of options.

Further deficit at Gibbs and Dandy

Gibbs and Dandy, the Luton-based building, engineering and electrical distributor, remained in the red during

1991 as difficult trading conditions in the construction industry continued to take their toll.

Operating profits dived from a restated £225,000 to £103,000, and although interest charges were reduced, exceptional costs of £246,000 (£335,000) for redundancy and losses and provisions on properties resulted in a pre-tax deficit of £754,000 (£757,000).

Turnover declined 10 per cent to £23.5m. Losses per share were 6.9p (8.2p).

Town Centre Secs improves to £3.31m

Town Centre Securities, the property investment and development group, increased pre-tax profits from £3.01m to £3.31m in the half year to December 31.

Gross rental and investment income in the six months rose from £7.61m to £8.39m. Earnings were up from 2.01p to 2.21p and the interim dividend goes up from 0.9p to 1p.

Mr Arnold Ziff, chairman, said that the Park Square office development in Leeds was now complete and 80 per cent let, and that work had commenced on the refurbishment of the Cookridge Street property in partnership with Leeds City Development.

27% setback for Michael Page

Pre-tax profits of Michael Page Group, the recruitment agency, fell 27 per cent from £4.83m to £3.52m over 1991.

Rising unemployment in the UK, Europe and Australasia was blamed for "the worst trading conditions for employment businesses in a decade".

Turnover slumped from £53.6m to £40.9m. Earnings per share emerged at 3.75p (4.71p), but the final dividend is 1.2p for a maintained 1.8p total.

R Westgarth 'better than satisfactory'

In 1991 Richardsons Westgarth, the steel stockholding and processing group, saw pre-tax profits decline from £2.21m to £1.76m, but described the result as "better than satisfactory".

Indeed, in the light of the above, the 11 per cent increase in turnover (which indicated that in terms of tonnage sold the group lifted its share in a competitive market) and the strong balance sheet, directors recommended raising the final dividend to 1.7p (1.55p) for a total of 2.9p (2.75p).

Group turnover amounted to £45.4m (£40.8m). Tax took an abnormally low £234,000 (£602,000) after a £340,000 credit in respect of advance corporation tax already written off. Consequently earnings only slipped to 5.88p (6.19p) per share.

S Daniels reduces loss to £48,000

Following a review of its operations, S Daniels, a supplier of food and drink products, reported reduced losses of £48,000 before tax in the year to end-December.

The result compared with a loss of £70,000 last time and came from turnover down £750,000 to £30.8m. However, at the operating level, there was a small profit of £26,000 (£336,000 loss).

Losses per share came out at 0.7p (1p) and a single dividend of 0.25p is proposed for the year. Last year an interim dividend of 1.25p was paid but the final was passed.

59% fall for Aspen Communications

Aspen Communications, the USM-quoted specialist print, communications and media services group, suffered a 59 per cent drop in pre-tax profits for 1991.

In the "most difficult trading year" since its formation in 1969, the pre-tax result of £1.7m (£4.1m) was achieved on turnover down from £62.8m to £55.6m. There were exceptional items of £440,000 (£378,000) relating to provisions for bad and doubtful debts and redundancy costs.

Earnings per share fell to 8p (21.1p) and the proposed final is cut from 5.4p to 2.2p for a reduced total of 4.9p (8.1p).

Russian oil price to rise by 550 per cent in June

By John Lloyd in Moscow

THE PRICE of oil in Russia is to rise in June from Rbs350 a tonne to between Rbs2,000 and Rbs2,600 a tonne in June, or between $22 and $29 on the official exchange rate (Rbs100 to the dollar).

Mr Yegor Gaidar, the Russian deputy prime minister, said in a newspaper interview yesterday that the rises would put the Russian prices at about 25 per cent of world prices.

The freeing of oil prices has been postponed from the target date of April 1, under pressure from other republics fearful of the effects on their ravaged economies of further rises dictated by Russia. However, Mr Gaidar said that oil and other energy price rises were essential to avoid economic collapse.

His comments confirm indications given earlier this month by Mr Vladimir Lopukhin, the republic's energy minister, that the government was seeking a rouble exchange rate in the range of 25 to 30 to the US dollar, based on the oil price. Mr Lopukin said that Russian oil would reach world price levels of $130 a tonne when the rouble was pegged at a new exchange rate.

The June rises, if delivered, would raise the cost of petrol to drivers from Rbs1.2 to between Rbs5 and Rbs7 a litre. Mr Boris Yeltsin, the Russian president, said yesterday that it was a "serious step, we must think seven times before we take it". He said, however, that the International Monetary Fund was insisting on the move.

However, Mr Ruslan Khasbulatov, the government's sternest critic and chairman of the Russian parliament, said that any presidential decree to raise oil prices would be vetoed by the parliament. He said that "40 per cent of the oil is sold at free prices and that is enough".

Mr Gaidar confirmed in his interview that 40 per cent of oil had been sold through oil exchanges at free prices – but used this to point to the shock of all prices being liberated not being as great as feared.

Mr Frans Andriessen, vice president of the European Community, said in Moscow yesterday that the EC was seriously concerned over the 6-fold increase in the export of aluminium from the former Soviet Union to community countries over the past two years. In talks with Mr Genady Burbulis, the Russian first deputy prime minister, he warned that Russia must scale down the level of its imports or face curbs. He said that a team of officials and experts would come to Moscow next month for talks on the exports.

Norwegian field upgraded by 20%

STATOIL, THE Norwegian state oil company, said yesterday that it had upgraded its assessment recoverable crude oil reserves in the North Sea Veslefrikk field by 20 per cent to 275m barrels from 230m, writes By Karen Fossli in Oslo.

After a thorough evaluation of the field's reserves and two year's production experience, Statoil said that the upgrade of oil reserves in place, meant that the field's oil recovery factor was also increased. "The oil zone in the southern extension of the field appears thicker than previously assumed. In addition, the production performance of the reservoir outstripped expectations," Statoil explained.

The value of the upgrade, measured at an oil price of $17.70 a barrel, is estimated at about NKr5bn (£450m).

Statoil said that it was also considering a major gas injection programme to help maintain pressure in the field's reservoir to keep production at the highest possible level over the longest possible time. At the same time gas injection, combined with water injection which is currently under way, could further boost recovery from Veslefrikk.

Veslefrikk currently produces at a daily rate of 70,000 barrels and is considered to be at its peak output level. In the last five years of the field's life production could fall to 15,000 barrels a day.

The field came on stream in 1989 and is currently producing from seven wells out of a planned total of 19. Three wells will be drilled this year. Statoil added that, based on reservoir information, placement of future wells has also been adjusted.

Brazil to state coffee pact stance

By Bill Hinchberger in Sao Paulo

THE BRAZILIAN government is expected to make an official statement today to reveal a position favourable to the establishment of quotas by exporting countries in the negotiations on the International Coffee Agreement, which begin in London on April 6.

Mr Oswaldo Aranha Neto, president of the Brazilian Federation of Coffee Exporters (Febec) confirmed that "a clear consensus exists" to back economic clauses based on quotas. Febec had originally favoured a buffer stock scheme instead of quotas. The National Coffee Council, a producers group, had been lobbying hard for a return to a quota system.

Officials in both the economy ministry and the foreign ministry continue to refuse to comment about the likely Brazilian position. Mr Francisco Rezek, the foreign minister, is reported to have discussed the Brazilian position in the negotiations with President Fernando Collor de Mello at a meeting yesterday.

● London traders said coffee prices reached the day's highs on news that the Brazilian government was set to announce its official position on the coffee pact, reports Reuter.

But prices soon drifted lower again, with May closing $1 down at $873 a tonne. In the morning it touched a low of $866 a tone.

"The market is not taking seriously anymore these comments that are coming out of producing countries," said one trader.

Iranian smelter plan to go ahead

Michael Field on a 220,000 tonnes-a-year aluminium project

IT NOW seems that the Al-Mahdi aluminium smelter near Bandar Abbas in southern Iran is definitely going to be built. Like most big projects, it has spent a long time at the planning and early construction stages without the backers feeling utterly certain that they will complete it.

But last week in Tehran the minister of mines and metals, Mr Hussein Mahlouji, said that the project would be built "unless something extraordinary happens", and the managers on site now take it for granted that "we're building a smelter".

The project is owned 60 per cent by the ministry of mines and metals and 40 per cent by the International Development Corporation of Dubai. The IDC, in turn, is owned principally by the former United Arab Emirates' ambassador to London, Mr Mahdi Al-Tajir, with the British contractor, George Wimpey, and the Swiss metals trader, Marc Rich.

The intention is to build a smelter with a capacity of 220,000 tonnes, which could be expanded to 330,000 tonnes. Actual construction costs are estimated at $1.6bn, with financing costs and other spending, before full production is reached, consuming a further $300m to $400m.

So far, camp buildings, apartment blocks, compacting and foundations have been completed and work on the smelter buildings is expected to start in the next few weeks. Wimpey is concerned mainly with design and project management. The actual building to date has been done by Iranian sub-contractors, an arrangement described by Mahdi Sajjad, who runs IDC, as "very, very successful".

Work on the pot rooms in the later stages of construction will be done by Wimpey with technical help from the Dubai Aluminium Company, which runs the successful smelter in Dubai. Dubal is selling its technology and generally advising on the project.

The Export Credit Guarantee Department in London, which put Iran "on cover" in December last year, has given Wimpey an indication in principle that it will back work on Al-Mahdi. But the Department has held back from giving actual guarantees because it worries that the smelter is not in the Iranian five-year plan and it wants to be sure that there will not be changes in the project. Now that the smelter has been given the approval of the Iranian Central Bank and finance ministry, as well as the planning ministry, the ECGD is said to be sounding very positive.

The plant will benefit from very cheap power, the biggest cost in aluminium production

The European credit insurance agencies are already issuing guarantees on exports of equipment, which will be principally German.

The owners feel confident that their smelter will be profitable. Although it will be far from its source of alumina (aluminium oxide), which will be Australia, and from its market, which presumably will be mainly the fast-developing industries of the Far East, the smelter will benefit from very cheap power, which is the biggest cost in aluminium production.

As Mahdi Sajjad said the Iranians had "made a bold decision to use their gas without being too sensitive on how they price it". The government has been much more interested in having the smelter as a focus for development and a source of employment than in extracting every last cent it can from its gas reserves, which are by far the biggest in the Gulf region.

The smelter project will have its own 450 Mw power station fed from the Sarkhoun gas field, which will be a tied source. It is also guaranteed 200 Mw from a large 1,200 Mw power station nearby. The gas and electricity supplies are priced at levels that will give the smelter the same cost per megawatt for both its power sources, and, although neither the Iranian government nor IDC are saying what the prices are, they have made it known that they will be the cheapest outside Canada. They say the price will be comparable with hydro-electric power, which in Canada costs some 0.3 to 0.5 US cents per kilowatt hour.

If aluminium prices have recovered to $1,500 to $1,600 a tonne by the mid-1990s, the owners say they will be perfectly happy. Prices have fallen from $1,400 to $1,500 a tonne two years ago to $1,300 a tonne, and at one point dipped below $1,000 a tonne. But the project's backers believe general trend of world demand, now just over 14m tonnes a year, is strongly upwards, and everybody concerned is confident that there will be a place for the smelter's production in the market. A recent study by the Economist Intelligence Unit suggested prices of $1,750 to $1,850 a tonne by 1995.

In the past year some old production capacity has been closed and the owners believe that, when the recession ends, there will be demand for extra output equivalent to at least two new Al-Mahdi smelters a year. "You can't build smelters as fast as that," said Mr Sajjad.

The backers of Al-Mahdi do not feel threatened by their friends at Dubal, which has an output of 243,000 tonnes a year, or by the expansion programme under way to raise capacity at the other Gulf smelter, Aluminium Bahrain (Alba), from 210,000 tonnes to more than 400,000 tonnes. Nor are they concerned about a project for a smelter at Yanbu, in Saudi Arabia, where the backers are still negotiating with the government on loan terms and gas prices.

In case the market does not evolve as predicted, the Al-Mahdi backers say they are aiming to make a very high quality ingot, so that at least they will always be able to sell what they produce. Achieving this requires good management and the right working discipline, rather than extra investment. It will be a challenge for a later stage of the project.

Owl plan 'would halve Pacific timber harvest'

A RECOVERY plan for the northern spotted owl would result in the timber harvest on federal land in the Pacific north-west being halved, lowering it to about 2bn board feet, according to a US Interior Department official, Reuter reports from Washington.

Mr Manuel Lujan, Interior Secretary, said the plan would be released in mid to late April. The draft was sent to the printers this week.

The recovery plan would mean the loss of about 31,000 jobs in the Northwest, Mr Lujan said. The spotted owl, which has been listed as a threatened species, nests in old-growth forests in the region.

Logging has been restricted sharply due to lawsuits filed by environmental groups.

Mr Lujan said the Endangered Species Act, which requires steps to protect species in danger of extinction, needs change. He intends in April to give Congress options for saving the owl but with a smaller job loss.

● More than 40,000 plant species could vanish in the next 60 years because of swift population growth and environmental devastation, threatening world food supplies, according to a United Nations study.

Unless countries redouble efforts to preserve plants and the genetic material they contain, it may be impossible to adapt many crops to rapidly changing weather and soil conditions – leaving them vulnerable to pests or disease.

Canadian wheat export record expected

By Robert Gibbens in Montreal

CANADA EXPECTS to export a record 37m tonnes of wheat in this crop year, ending July 31, via West and East Coast ports. This would be 1.5m tonnes more than ever moved before, says the Grain Transportation Agency in Winnepeg, and reflects a surge in shipments that began about a year ago.

Terminals, railways and ports are operating at full capacity in the west of the country and at near-capacity in the east. Wheat prices have risen sharply and the western farm economy is seeing relief for the first time since the 1987-88season.

Aluminium forecast to lead metals out of recession

By Kenneth Gooding, Mining Correspondent

ALUMINIUM WOULD lead traded metals out of recession in the second half of this year, said Mr Nick Moore, analyst at Ord Minnett, part of the Westpac banking group, at a mining seminar in London yesterday.

The aluminium price already had risen by 14 per cent on the London Metal Exchange since the begining of this year and it was about to benefit from the time when demand was seasonally at its strongest: in April-June.

Uncertainty about supply was also being felt because 50 per cent of US capacity was affected by negotiations about labour contracts which expired on May 31.

While exports from Russia to the west, which caused much havoc in the aluminium market last year, might reach 600,000 to 800,000 tonnes in 1992, this was below the 1m tonnes projected at the beginning of 1992.

Mr Moore suggested that the record level of LME aluminium stocks – now at 1.16m tonnes – would not hold back the recovery in aluminium prices. Once consumers saw stocks going down they would know prices must go up and would buy as much as possible to beat the price increases. "We will be surprised at the pace at which LME stocks will come down," he predicted.

The industry had already cut 952,000 tonnes of annual capacity or 6.3 per cent of western world output. But there was no room for complacency because planned new annual capacity to come on stream in 1992 totalled 645,000 tonnes.

Ord Minnett forecast that aluminium's price would average 65 cents a lb this year, still well below the 75 cents which many producers said was needed to make new capacity worthwhile.

Mr Moore predicted that copper would be the only traded metal with a lower average price this year than in 1992. Sumitomo of Japan had taken action that kept LME copper prices up last year and supply disruptions in Chile and Zaire had provided the metal with "a bridge across the recession".

His colleague, Mr Geoff Campbell, said the gold industry was in crisis after 10 years of falling prices and rising costs. The industry was not able to sustain itself at today's gold prices and was cutting exploration expenditure and capital spending. "In this climate people will not be going out looking for gold – or digging it out either."

However, he suggested the longer-term outlook for gold was positive because the industry had little alternative but to cut high-cost production and thus reduce supply. Present low prices should ensure demand would rise.

Mr Campbell said it was likely that during the recovery there would be less forward selling by producers than in the recent past to put a "cap" on the price.

Metal Price Forecasts

	1991	1992	1993
Aluminium (US c/lb)	59.1	65	75
Copper (US c/lb)	108.1	106	112
Lead (US c/lb)	25.3	28	32
Zinc (US c/lb)	50.7	55	62
Tin (US $/lb)	2.52	2.85	3.50
Nickel (US$/lb)	3.70	3.85	4.50
Gold (US$/oz)	362	375	400
Silver (US$/oz)	4.05	4.40	4.70
OECD industrial output growth	-0.5%	+2.1%	+4.8%

Source: Ord Minnett

WORLD COMMODITIES PRICES

MARKET REPORT

GOLD moved above $340 a troy ounce on the London bullion market yesterday after Comex gold futures moved ahead in early trading in a correction to recent losses. New York analysts attributed short covering and light speculative buying on Comex to a weaker dollar in foreign exchange trading. A couple of computer-managed funds made modest purchases. A London dealer said gold needed to break above $342. "If it does we might see it back around $348." PLATINUM behaved similarly to gold, rising in London on the back of gains on Nymex, where the market was lifted by fears of tight nearby supplies. On the LME COPPER was underpinned by Far East interest, which helped to offset unconstructive US economic data, notably the 0.1 per cent fall in February durable goods orders. Three-month metal held above $2,230 a tonne, but still shows no sign of breaking out of the $2,220-$2,240 range. Three-month ALUMINIUM held above $1,300, supported by Tuesday's news that Dutch producer Hoogoven's is shelving expansion plans, and corrected IPAI data indicating production is static. In Chicago WHEAT prices were lower at midday on aggressive selling.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$16.00-6.05z	-0.15
Brent Blend (dated)	$17.75-7.80	+.175
Brent Blend (May)	$17.90-7.95	+.125
W.T.I. (1 pm est)	$19.25-9.30z	+0.10

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$195-198	[illegible]
Gas Oil	$163-164	
Heavy Fuel Oil	$73-74	
Naphtha	$166-167	
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$341.60	+2.7
Silver (per troy oz)♣	412.0c	+1.0
Platinum (per troy oz)	$353.50	-3.85
Palladium (per troy oz)	$84.65	-0.50
Copper (US Producer)	105.59	[illegible]
Lead (US Producer)	37.38c	+0.38
Tin (Kuala Lumpur market)	14.17r	
Tin (New York)	282.5	+1.0
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	109.19p	+2.02*
Sheep (live weight)†♣	97.53p	-4.48*
Pigs (live weight)†	99.36p	-1.86*
London daily sugar (raw)	$211.9v	+1.4
London daily sugar (white)	$272.5v	+1.5
Tate and Lyle export price	£230.5	+0.5
Barley (English feed)	£109.5t	
Maize (US No 3 yellow)	£148.0	
Wheat (US Dark Northern)	Unq.	
Rubber (Apr)♥	55.25p	+0.25
Rubber (May)♥	55.60p	+0.25
Rubber (KL RSS No 1 Mar)	218.5	+1.5
Coconut oil (Philippines)§	$545.0y	
Palm Oil (Malaysian)§	$400.0z	
Copra (Philippines)§	$435.0w	+15.0
Soyabeans (US)	£155.0q	-1.0
Cotton "A" index	55.50c	
Wooltops (64s Super)	444p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg q-Mar t-Aug u-Jan/Mar v-Apr/Mar y-Apr/May w-Apr z-May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg. ♣Sheep prices are now live weight prices.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
May	185.60	185.40	185.60 185.00
Aug	187.60	187.60	187.60
Oct	188.20	188.80	189.20
Dec	188.80		188.80
White	**Close**	**Previous**	**High/Low**
May	267.90	267.70	268.80 266.70
Aug	268.00	269.30	268.30 268.60
Oct	259.70	261.00	260.50 258.50
Dec	261.20		261.20 260.30

Turnover: Raw 69 (93) lots of 50 tonnes. White 906 (500)
Paris- White (FFr per tonne): May 1513.92 Aug 1531.82

CRUDE OIL – IPE ($/barrel)

	Latest	Previous	High/Low
May	17.95	17.85	17.95 17.78
Jun	18.01	17.95	18.01 17.87
Jul	17.97	17.91	17.97 17.84
Aug	17.95	17.83	17.95 17.84
Sep	17.90	17.88	17.90 17.85
Oct	17.82	17.86	17.82 17.82
Dec	17.80	17.80	17.85 17.80
IPE Index	17.81	17.75	

Turnover 7000 (8585)

GAS OIL – IPE ($/tonne)

	Close	Previous	High/Low
Apr	161.50	160.75	162.00 161.25
May	[illegible]	162.25	164.00 162.75
Jun	164.25	163.75	164.50 164.25
Jul	[illegible]	[illegible]	166.25 165.75
Aug	167.50	167.50	168.00 167.25
Sep	169.00	169.25	170.00 169.00
Oct	172.00	171.25	172.00 171.25
Nov	173.75	173.25	173.75 173.50
Dec	175.25	174.50	175.00

Turnover 7983 (8775) lots of 100 tonnes

WOOL

Although prices paid for wool in Australia have declined again this week, there is a view that the pace of decline has slowed down and some finer merinos became dearer on March 25. The Wool Realisation Commission has not lowered its prices with the market decline, and much of the wool offered at auction is drought-affected. Buyers expect a setback after February's strong rise and have held back, but growers have also withdrawn their wool at their own reserves rather than see it go at prices they believe may be only temporarily lower. The market indicator on March 25 was 574 cents a kilogram from 619 a week before.

COCOA – London FOX (£/tonne)

	Close	Previous	High/Low
Mar	658		668 667
May	678	690	[illegible]
Jul	706	716	720 704
Sep	729	741	744 728
Dec	761	775	775 761
Mar	795	807	809 794
May	815		821 819
Jul	[illegible]	847	844 839
Sep	[illegible]	866	865 862
Dec	881		895

Turnover: 9864 (2806) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar.24 846.16 (840.08) 10 day average for Mar.25 832.49 (829.45)

COFFEE – London FOX ($/tonne)

	Close	Previous	High/Low
Mar	860	855	860 855
May	873	874	877 866
Jul	879	[illegible]	882 873
Sep	890	896	894 887
Nov	906	907	910 902
Jan	926	930	926

Turnover:4467 (2251) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar.24. Comp. daily 58.22 (58.32) 15 day average 56.75 (56.65)
Sterling close: March £495

POTATOES – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	113.5	113.0	113.5 113.0
May	127.5	126.7	127.5 127.0
Jun	138.0		138.0 135.6
Apr	125.3	128.0	127.0 124.8

Turnover 68 (120) lots of 20 tonnes.

SOYAMEAL – London FOX (£/tonne)

	Close	Previous	High/Low
Apr	130.00		
Jun	125.30	127.00	

Turnover 0 (30) lots of 20 tonnes.

FREIGHT – London FOX ($10/index point)

	Close	Previous	High/Low
Mar	1212	1213	1215 1210
Apr	1258	1265	1270 1250
May	1251	1260	1260 1250
Jul	1110	1120	1120 1110
Oct	1251	1266	1260 1250
Jan	1265	1274	1265 1260
BFI	1211	1212	

Turnover 253 (165)

GRAINS – London FOX (£/tonne)

Wheat	Close	Previous	High/Low
May	126.05	125.65	126.15 125.40
Jun	127.45	127.30	127.50 127.20
Jan	120.10	120.20	120.10
Barley	**Close**	**Previous**	**High/Low**
Sep	109.25		109.25 109.00

Turnover: Wheat 121 (496), Barley 5 (58).
Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Apr	125.5	126.0	125.7 124.5
May	123.5	123.3	123.5 122.8
Jun	119.2	119.4	118.5 119.1
Jul	113.5	114.0	113.5 113.0
Aug	109.6	109.5	109.5 109.3
Sep	110.0		110.0
Oct	112.0		111.0 110.0
Nov	111.0		111.0 110.0

Turnover 132 (121) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 19,317 lots
Cash	1280-1	1279-80		1284-5		
3 months	1305-5.5	1306-09	1314/1302	1310-1	1305-4	176,836 lots
Copper, Grade A (£ per tonne)						Total daily turnover 13,109 lots
Cash	1282-4	1291.5-92.5	1288/1284	1288-8.5		
3 months	1310-0.5	1317.5-18	1316.5/1308	1314-4.5	1309-9	110,617 lots
Lead (£ per tonne)						Total daily turnover 1,673 lots
Cash	300-1	305-5.5	302	301.5-2.0		
3 months	311-2	316-6.5	315/311.5	312-2.5	311-1.5	16,019 lots
Nickel ($ per tonne)						Total daily turnover 4,061 lots
Cash	7255-65	7235-40	7228	7225-30		
3 months	7345-50	7325-30	7350/7320	7315-20	7345-50	23,909 lots
Tin ($ per tonne)						Total daily turnover 536 lots
Cash	5645-55	5635-45	5640	5640-5		
3 months	5670-80	5670-75	5675/5665	5660-5	5670-5	5,628 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 9,789 lots
Cash	1222-3	1218-20	1221/1220	1221.5-2.0		
3 months	1233-4	1232-33	1236/1232	1234-5	1232-4	81,541 lots

LME Closing £/$ rate: SPOT: 1.7320 3 months: 1.7060 6 months: 1.7074 9 months: [illegible]

LONDON BULLION MARKET (Prices supplied by N M Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	341.30-341.70	
Opening	339.50-340.20	
Morning fix	340.10	196.986
Afternoon fix	341.25	197.583
Day's high	341.70-342.00	
Day's low	339.70-340.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month	3.58	6 months	3.61
2 months	3.57	12 months	3.80
3 months	3.58		

Silver fix	p/fine oz	US cts equiv
Spot	237.85	410.90
3 months	244.35	415.30
6 months	250.75	420.90
12 months	263.75	431.40

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	341.25-342.25	197.50-198.00
Maple leaf	351.50-352.50	203.50-204.00
New Sovereign	83.25-84.25	48.25-48.50

TRADED OPTIONS

Coffee	May	Jul	May	Jul
800	74	90	1	11
850	32	58	9	27
900	9	31	36	52
Cocoa	**May**	**Jul**	**May**	**Jul**
675	18	49	15	16
700	6	33	30	25
725	5	24	50	44
Brent Crude	**May**	**Jun**	**May**	**Jun**
1800	22	[illegible]	35	58
1850	8			
1900	2	16		

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	341.1	339.6	0	0
Apr	341.3	339.8	343.3	340.9
May	342.2	340.8	342.2	342.2
Jun	343.2	341.8	345.3	342.8
Aug	346.5	[illegible]	346.5	346.5
Oct	347.8	346.4	347.7	347.7
Dec	350.3	348.9	351.5	350.2
Feb	352.8	351.6	353.7	352.7
Apr	355.5	354.3	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	350.6	350.6	0	0
Apr	352.8	350.8	356.3	352.0
Jul	352.8	350.0	356.0	352.0
Oct	357.5	354.3	359.0	356.5
Jan	357.5	354.3	356.6	358.5
Apr	362.0	358.5	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	408.4	408.6	411.0	408.5
Apr	408.8	409.2	0	0
May	410.2	410.7	413.5	409.6
Jul	413.5	414.0	416.5	413.0
Sep	417.3	417.8	0	0
Dec	423.1	423.7	426.5	423.5
Jan	425.0	425.6	0	0
Mar	429.4	430.1	0	0
May	434.0	434.6	0	0
Jul	[illegible]	[illegible]	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	101.20	101.60	101.80	101.15
Apr	101.15	101.50	101.70	101.10
May	101.05	101.40	101.65	100.90
Jun	100.90	101.20	101.00	101.00
Jul	100.70	101.00	101.10	100.65
Aug	100.60	100.85	0	0
Sep	100.40	100.65	100.85	100.50
Oct	100.25	100.50	0	0
Nov	100.15	100.40	0	0
Dec	100.05	100.30	100.20	100.10

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	8.32	8.33	8.34	8.30
Jul	8.38	8.38	8.39	8.35
Oct	8.46	8.46	8.47	8.43
Mar	8.61	8.62	8.62	8.58
May	8.63	8.67	8.67	8.67
Jul	8.71	8.74	0	0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
May	19.29	19.22	19.32	19.13
Jun	19.42	19.34	19.44	19.27
Jul	19.47	19.38	19.48	19.33
Aug	19.48	19.38	19.48	19.33
Sep	19.43	19.35	19.43	19.30
Oct	19.40	19.33	19.43	19.28
Nov	19.37	19.31	19.37	19.32
Dec	19.38	19.29	19.38	19.26
Jan	19.15	19.24	0	0
Feb	19.19	19.19	0	0

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5315	5321	5360	5290
May	5265	5257	5280	5235
Jun	5240	5222	5250	5210
Jul	5280	5250	5290	5250
Aug	5380	5322	5360	5320
Sep	5480	5442	5480	5450
Oct	5542	5542	0	0
Nov	5670	5657	5680	5670
Dec	5770	5732	5770	5730
Jan	[illegible]	5762	5810	5790

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
May	1059	1078	1082	1057
Jul	1096	1115	1118	1095
Sep	1134	1152	1151	1134
Dec	1174	1192	1194	1176
Mar	1218	1234	1227	1221
May	1244	[illegible]	1260	1249
Jul	1273	1289	1274	1274
Sep	1303	1319	1307	1306
Dec	1336	1352	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
May	70.85	73.85	73.80	70.80
Jul	72.85	75.85	75.75	72.60
Sep	75.30	78.25	77.90	75.25
Dec	78.75	81.60	81.00	78.75
Mar	82.00	84.85	84.10	82.00
May	85.75	87.95	0	0
Jul	87.75	89.85	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	56.67	56.35	57.00	56.95
Jul	58.32	57.80	58.58	57.55
Oct	[illegible]	59.61	59.75	59.40
Dec	60.75	60.35	60.80	60.12
Mar	62.18	61.87	62.00	61.42
May	62.80	62.44	62.00	62.00
Jul	63.20	62.95	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	143.60	144.70	144.70	143.30
Jul	141.65	142.45	142.60	141.40
Sep	133.25	133.80	133.90	133.10
Nov	124.75	124.85	125.00	124.50
Jan	123.85	124.00	123.85	123.00
Mar	123.30	123.50	123.50	123.00
May	123.30	123.50	0	0
Jul	123.30	123.50	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar.25	Mar.24	mnth ago	yr ago
1616.1	1615.7	1608.0	1727.3

DOW JONES (Base: Dec. 31 1974 = 100)

	Mar.24	Mar.23	mnth ago	yr ago
Spot	117.91	117.86	118.67	123.42
Futures	121.65	121.90	121.32	127.50

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	588/4	586/0	590/0	582/0
Jul	597/2	594/0	599/0	591/0
Aug	601/0	598/2	602/4	595/6
Sep	605/0	603/2	608/4	600/0
Nov	613/0	609/2	614/0	607/2
Jan	620/6	617/4	621/4	616/4
Mar	631/4	628/0	631/4	625/0
May	637/0	634/4	637/0	631/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
May	19.87	19.83	19.97	19.88
Jul	20.16	20.13	20.27	19.99
Aug	20.30	20.30	20.40	20.14
Sep	20.44	20.44	20.57	20.30
Oct	20.57	20.60	20.70	20.46
Dec	20.91	20.90	21.05	20.75
Jan	21.02	21.00	0	0
Mar	21.25	21.20	0	0

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
May	178.6	177.2	179.0	176.6
Jul	181.1	179.7	181.2	179.1
Aug	182.5	180.9	182.5	180.5
Sep	[illegible]	182.1	181.6	181.5
Oct	197.3	196.3	197.5	195.7
Dec	199.5	198.1	199.6	197.4
Jan	199.5	196.9	199.6	198.0
Mar	201.7	201.5	202.0	201.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
May	270/2	271/4	271/2	269/0
Jul	276/0	276/4	276/4	274/4
Sep	269/6	269/0	269/6	267/4
Sep	265/6	264/6	266/2	263/6
Dec	272/6	261/6	273/0	270/6
Mar	276/4	275/4	276/4	274/6
May	279/6	276/4	279/6	278/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
May	384/0	387/6	387/4	382/0
Jul	367/2	370/6	371/0	366/0
Sep	371/6	374/4	374/4	370/4
Dec	379/6	383/2	383/0	379/4
Mar	381/6	386/0	384/0	381/0
May	370/0	373/0	0	0
Jul	348/0	351/2	349/0	347/0
Sep	353/0	356/0	353/0	353/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	77.725	77.750	78.150	77.550
Jun	74.100	73.950	74.400	73.950
Aug	69.500	69.650	69.950	69.425
Oct	69.525	69.650	69.850	69.500
Dec	69.750	69.825	70.100	69.700
Feb	69.200	69.350	69.650	69.200
Apr	70.400	70.425	70.525	70.400

LIVE HOGS 40,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	40.250	40.725	40.700	40.175
Jun	45.475	46.175	46.150	45.350
Jul	45.650	46.100	46.100	45.450
Aug	44.275	44.700	44.700	44.125
Oct	41.350	41.700	41.700	41.250
Dec	44.475	44.900	44.850	44.350
Feb	45.675	45.850	45.750	45.350
Apr	43.250	43.500	43.400	43.250

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
May	37.050	37.975	37.800	36.975
Jul	37.725	38.675	38.300	37.000
Aug	36.325	37.125	36.800	36.275
Feb	48.290	48.850	48.250	46.000
Mar	47.250	47.750	0	47.250
May	58.800	60.000	0	0

LONDON STOCK EXCHANGE

Late rally breathes life into equities

IT WAS difficult to decide which caused the loudest groans of disappointment around the City of London's dealing rooms yesterday; the results of the latest batch of opinion polls or England's defeat at the hands of Pakistan in the world cup cricket final in Australia.

But dealers quickly forgot the cricket, turning instead to financial matters. By the end of the day they had become positively enthusiastic about the chances of yet another turnround in the polls, with the market alive to stories that Gallup, in this morning's Daily Telegraph, will reveal the Tories catching up on Labour.

There was also a late charge of excitement as French bonds ran up amid suggestions of a cut in French interest rates, along with stories that the French prime minister could be facing her removal from office.

The flurry of late support prompted an abrupt about turn by the FT-SE 100-share Index, which rallied strongly after an uncertain start to close a net 6.2 higher at 2,464.9.

There were also more than a few crumbs of comfort for the market from a series of encouraging company news statements, notably from Reckitt & Colman, the health and household group, Hepworth, the building products group and particularly from Barratt Developments, one of the UK's leading housebuilders.

The latest general election campaigning and opinion poll results set the tone for the day's session in the market. The three most recent polls overturned the Conservatives' five-point lead indicated on Tuesday by Harris in the Daily Express, giving Labour a lead over the ruling Conservatives by one, three and four points.

There was no real panic in the market at the outset, with marketmakers chopping opening dealing levels to deter any potential big sellers. The opening gambit proved moderately successful with light selling sending the Footsie down to the day's low of 2,448.0 within an hour of the opening. Thereafter, the index clawed its way back, eventually moving into positive territory towards the close of trading, responding to the opinion poll optimism, the French rate cut story and a rally on Wall Street.

Although happy with the market's late improvement, senior traders pointed to the pitiful level of turnover in the equity market. Yesterday saw turnover of 421.9m shares by 4.30pm, well down on Tuesday's 493.2m. Activity is expected to remain very thin until the election.

Equity strategists said the market had mostly factored in the increased chances of either a straight Labour win or a Labour-dominated hung Parliament. This was the view adopted by Strauss Turnbull, the stockbroker whose strategist Mr Ian Harnett maintained the market's potential upside was still slightly more than its downside.

The best individual performances among the footsie stocks included two of the world's big drug companies, Glaxo and Wellcome, with the latter strongly supported ahead of today's preliminary figures and the former boosted by US support. Guinness responded to official confirmation that the Warren Buffett-run Berkshire Hathaway had bought a near two per cent stake.

Account Dealing Dates		
*First Dealings:		
Mar 9	Mar 23	Apr 6
Option Declarations:		
Mar 19	Apr 2	Apr 23
Last Dealings:		
Mar 20	Apr 3	Apr 24
Account Day:		
Mar 30	Apr 13	May 5

*New-time dealings may take place from 8.30 am two business days earlier.

Volatile trade in Reckitt

CONSUMER products and healthcare group Reckitt & Colman was down after a volatile trading session as analysts cut current-year earnings forecasts.

The shares opened lower after Reckitt announced 1991 profits of £252.3m against £235.17m previously, but at the bottom end of predictions. They then appeared oversold and climbed as high as 660p as buyers moved in.

However, at the post-results meeting the company signalled growth of about 10 per cent in 1992 compared with the expectations of between 12 and 13 per cent. Analysts left the meeting to adjust their 1992 forecasts and the share price dropped to end the session a net 6 off at 640p after 2.7m shares traded, a heavy turnover for the stock.

Smith New Court trimmed its estimate by £5m to £275m and Nomura Research came back by £20m to the same figure. Smith New Court expects less acquisition-led growth for Reckitt, and Mr Didier Cowling of Nomura is basing his forecast reduction on the slow economic recovery. However, he added that the company's strategy was sound and he expected to become a buyer of the stock.

Kingfisher rises

Better than expected profits and an upgrading of 1993 forecasts by analysts boosted Kingfisher, the holding company of several leading high street chains. The shares rose 7 to 487p on profits before exceptional items of £221.8m, against £215.3m previously.

The market was looking for a figure of around £210m, and Goldman Sachs has now revised its estimate for next year to £246m from £232m, while Nomura has upgraded to £240m from £235m.

Mr Ian Macdougall at Nomura said B & Q remains the key to the group's immediate future and that the effect of price cutting in the DIY sector remains an open issue. Mr Geoffrey Mulcahy, Kingfisher's chairman and chief executive, admitted that there was fierce competition in the DIY market, and speaking of recent price promotions said "we did not make money out of them".

Wellcome strong

Buying continued in Wellcome ahead of the interim results, due today. Analysts believe that the figures will be encouraging, particularly prior to the planned release of shares by majority owner Wellcome Trust. Financial observers are also advising clients to buy in case shareholders are given preferential rights to the placing.

Nomura Research is preparing a hefty research document, which is expected to raise estimates for long-term growth prospects. The shares ended 21 stronger at 799p.

Initial disappointment with Lasmo's end-of-year results was dispelled after post-figures meetings with analysts and institutions and the shares recovered from a fall of 15 to close only a penny easier on the day at 203p.

The results were expected to be poor and were not helped by accounting changes. Mr Peter Hitchens of Lehman Brothers summed up the feeling of many when he said: "There is plenty of upside potential in the shares." Mr Keith Morris at Carr Kitcat & Aitken said the bits of Ultramar that Lasmo was going to retain are "first class".

Cable and Wireless recovered 11 to 543p as Hoare Govett put the case that they had been oversold. The shares fell sharply late last week after C and W announced a provision of £50m for restructuring. C and W is to discuss the fall in the share price with financial observers tomorrow.

Ahead of today's announcement on bid acceptances, Redland rose 10 to 445p, while Steetley, its takeover target, gained 6 to 372p in volume of 1.7m. Dealers said they expected Redland to emerge triumphant from the bid battle, but the result would be closer than many had been predicting.

Leading property shares bounced after a recent bout of weakness. British Land improved 7 to 194p, Great Portland Estates 8 to 151p, Hammerson ordinary 15 to 464p and MEPC 12 to 329p.

Barratt Development's return to profitability pushed the stock 8 higher to 65p.

Tarmac and Lonrho eased as the takeover speculation that lifted them sharply last week began to fade. Tarmac, which rose sharply on talk that Luxembourg-based Minorco would make a bid, slipped 6 to 131p. Lonrho, up recently on talk that Hanson was interested in a friendly deal, fell 4 to 103p.

Following its recent results and Volvo franchise loss, Lex Service has been touted as a possible bid candidate, and further speculation yesterday saw the shares climb 8 to 194p.

British Aerospace advanced 7 to 298p on talk that Saudi Arabia may buy Tornado aircraft in preference to American F-15s. Poor US car figures depressed TI Group, down 9 at 645p. Weir Group put on 5 to 509p ahead of today's figures. The fall in Harland Simon continued, the shares losing 15 to 88p as investors again deserted the troubled group.

Best performers among the brewing giants were Guinness, up 17 at 580p on 4m shares traded, and Allied-Lyons, 12 ahead at 620p on turnover of 1.1m. The former was boosted by confirmation that Mr Warren Buffett, of Salomon Brothers and also chairman of Berkshire Hathaway, has taken a stake in the company.

In a letter to shareholders Mr Buffett said Berkshire Hathaway had bought $264.8m worth of Guinness shares in 1991, representing our "first significant investment in a company outside the US". Analysts said Allied was marked up in sympathy with Guinness.

Medeva jumped 18 to 288p after the pharmaceuticals group announced 1991 profits at the top end of expectations and doubled the dividend to 1.5p. The shares were also helped by enthusiastic buying from the US.

An old rumour that Eurotunnel would join Euro Disney as the latest recruit to the CAC 40 index in Paris lifted the former 8 to 490p. Following Tuesday's downgrade by Goldman Sachs, Euro Disney slipped a further 50 to 1540p.

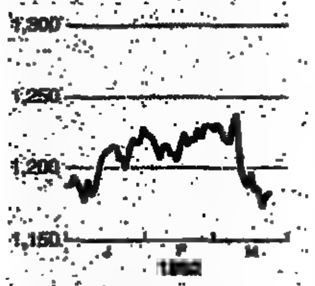
Shipping and property group P & O's shares continued to respond strongly to Tuesday's preliminary statement, adding 25 at 441p for a two-day jump of 57.

A positive note from County NatWest helped Midland Bank, which recently announced that it is merging with Hongkong and Shanghai Banking, to buck early weakness in the market and close 3 higher at 346p. Mr John Aitken, County's banks specialist, argued that Midland shareholders "should get a full price for their shares; we feel that would be in excess of 400p".

MARKET REPORTERS:
Peter John,
Christopher Price,
Colin Millham.

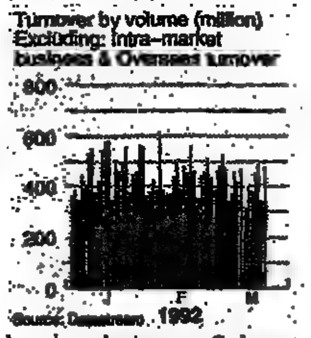
■ Other market statistics, Page 26.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business & Overseas turnover



Source: Datastream 1992

FINANCIAL TIMES STOCK INDICES

	Mar 25	Mar 24	Mar 23	Mar 20	Mar 19	Year Ago	1991/92 High	1991/92 Low	Since Compilation High	Since Compilation Low
Government Secs	86.14	86.02	85.94	86.06	86.10	84.80	88.55 (27/2/92)	82.17 (2/1/91)	127.40 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.35	99.15	99.11	99.20	99.42	94.45	101.56 (19/2/92)	90.69 (2/1/91)	105.40 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1929.9	1926.2	1910.8	1916.5	1923.1	1965.9	2108.3 (2/9/91)	1606.3 (16/1/91)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	121.3	121.8	123.4	123.4	122.1	139.0	222.8 (11/7/91)	118.0 (17/3/92)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2464.9	2458.7	2441.0	2456.6	2467.6	2464.6	2679.6 (2/9/91)	2054.8 (16/1/91)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1156.54	1157.61	1151.61	1162.99	1165.58	1136.83	1200.08 (4/3/92)	938.62 (16/1/91)	1200.08 (4/3/92)	938.62 (16/1/91)
●Ord. Div. Yield	4.66	4.67	4.84	4.70	4.69	4.91				
●Earning Yld % (full)	6.50	6.63	6.62	6.64	6.63	8.90				
●P/E Ratio (Net) (*)	19.26	19.17	19.02	19.08	19.10	13.64				
SEAQ Bargains 5.00pm	28,466	27,980	26,630	33,170	29,478	42,946				
Equity Turnover (£m)†	-	884.9	754.8	1048.0	1003.1	983.52				
Equity Bargains†	-	32,744	31,380	37,291	34,795	43,611				
Shares Traded (ml)†	-	479.3	345.5	494.2	459.8	492.6				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ [illegible]

Ordinary Share Index, Hourly changes Day's High 1931.6 Day's Low 1916.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1921.0	1920.7	1919.5	1923.0	1924.4	1923.2	1923.0	1924.0	1931.2

FT-SE 100, Hourly changes Day's High 2465.7 Day's Low 2448.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2453.4	2452.3	2452.6	2454.9	2456.6	2455.2	2454.5	2454.0	2456.2

FT-SE Eurotrack 200, Hourly changes Day's High 1158.55 Day's Low 1155.60

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1156.27	1156.85	1156.89	1156.89	1157.41	1157.28	1156.45

GILT EDGED ACTIVITY

Indices*	Mar 24	Mar 23
Gilt Edged Bargains	119.7	116.6
5 – Day average	98.5	92.5

*SE Activity 1974.
†Excluding intra-market business and Overseas turnover.

London report and latest Share Index: Tel. 0891 123001. Calls charged at 36p/minute cheap rate, 48p/minute at all other times.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Br Telecom New	5,800	165	+1½	Ladbroke	1,700	219	-3	Saatchi	3,300	16½		Welsh Water	140	398	-2
Bunzl	294	86		Land Securities	697	408	+6	Sainsbury	1,800	361		Wessex Water	246	397	
Burmah Castrol	414	482	-2	Laporte	297	569	+2	Scottish & New	304	454	+6	Whitbread 'A'	533	408	-3
Burton	1,900	39½	-½	Legal & General	1,200	345	-7	Scot. Hydro-Elec.	1,700	97	-1½	Williams Hldgs.	807	312½	+5½
Cable & Wire.	3,300	543	+11	Lloyds Abbey	1,100	349	-7	Scottish Power	2,200	96	+½	Willis Corroon	352	204	+1
Cadbury Schweppes	497	435	-3	Lloyds Bank	3,300	387	-2	Sears	2,500	98	-1	Wimpey	235	130	-2
Caird Group	191	180	-5	LASMO	8,500	203	-1	Sedgwick	1,600	204	+3	Wolseley	789	351	-15
Carlton Comms.	1,400	522	-10	London Elect.	253	257	-2	Seeboard	692	259	-4	Yorkshire Elect.	682	298	-2
Coats Viyella	1,200	180	-4	Lonrho	2,700	103	-4	Severn Trent Water	108	320	-1	Yorkshire Water	27	351	-2

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system on Tuesday until 4.30pm. Trades of one million or more are rounded down.

EQUITY FUTURES AND OPTIONS TRADING

A LATE burst of activity enlivened a quiet session in the futures market yesterday, writes Christopher Price.

March opened at 2,448 and was squeezed up to 2,455 by independent traders covering short positions. It then proceeded to trade in a very narrow range in a quiet morning session.

A firm opening from Wall Street improved sentiment, but it was not until political factors came into play late in the afternoon that buying started in earnest, taking March to a premium, from a discount to cash where it had traded most of the day. A surge in the Paris bourse, on rumours of the prime minister's resignation and a possible cut in interest rates, was the first factor to stimulate London trading.

Further interest was sparked by a rumour of a favourable opinion poll for the British Conservative party in today's press.

March closed at 2,465, 10 points up on the previous session and at a two-point premium to the cash market. Volume was a low 4,407 contracts.

Trading in the LTOM was also low at 14,000 contracts. Storehouse was the highest-traded option at 1,525, followed by Abbey National at 400 and the Euro-FTSE at 391.

NEW HIGHS AND LOWS FOR 1991/92

[illegible]

FT-ACTUARIES SHARE INDICES

EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Wednesday March 25 1992 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act. at 25%)	Est. P/E Ratio (Net)	xd adj. 1992 to date	Tue Mar 24 Index No.	Mon Mar 23 Index No.	Fri Mar 20 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (278)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99 ALL-SHARE INDEX (654)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FT-SE 100 SHARE INDEX ♦	2464.9	+6.2	2465.7	2448.0	2458.7	2441.0	2456.6	2467.6	2464.7	2464.6

FIXED INTEREST

PRICE INDICES	Wed Mar 25	Day's change %	Tue Mar 24	Accrued interest	xd adj. 1992 to date
British Government					
1 Up to 5 years (27)	121.15	....	121.16	2.35	2.37
2 5-15 years (25)	133.03	+0.12	132.95	1.59	4.09
3 Over 15 years (9)	142.64	+0.16	142.42	1.79	2.78
4 Irredeemables (6)	158.41	+0.47	157.68	3.15	1.50
5 All stocks (67)	131.77	+0.09	131.70	1.93	3.38
Index-Linked					
6 Up to 5 years (2)	170.10	+0.04	170.02	0.40	1.37
7 Over 5 years (9)	145.22	+0.02	145.20	0.67	1.20
8 All stocks (11)	147.52	+0.02	147.49	0.63	1.21
9 Debs & Loans (62)	115.81	-0.01	115.82	2.29	2.72

AVERAGE GROSS REDEMPTION YIELDS		Wed Mar 25	Tue Mar 24	Year ago (approx.)
British Government				
1 Low	5 years	9.12	9.12	9.40
2 Coupons	15 years	9.52	9.54	9.71
3 (0%-7¾%)	20 years	9.52	9.54	9.87
4 Medium	5 years	9.96	9.95	10.26
5 Coupons	15 years	9.62	9.64	10.11
6 (8%-10¾%)	20 years	9.57	9.59	10.04
7 High	5 years	10.18	10.18	10.41
8 Coupons	15 years	9.75	9.78	10.29
9 (11%-)	20 years	9.67	9.70	10.21
10 Irredeemables		9.73	9.77	10.06
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.74	3.75	3.73
12 Inflation rate 5%	Over 5 yrs.	4.54	4.53	4.18
13 Inflation rate 10%	Up to 5yrs.	3.04	3.04	2.87
14 Inflation rate 10%	Over 5 yrs.	4.35	4.34	3.99
15 Debs &	5 years	11.22	11.21	11.85
16 Loans	15 years	10.90	10.90	11.65
17	25 years	10.73	10.72	11.45

♦Opening Index 2453.4; 9 am 2452.3; 10 am 2452.2; 11 am 2454.9; Noon 2456.6; 1 pm 2455.2; 2 pm 2454.5; 2.30 pm 2455.2; 3 pm 2454.0; 4.10 pm 2466.4; (a) 4.08pm (b) 9.28am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, 2nd Floor, 126 Jermyn Street, London SW1Y 4UJ. Tel: 071-925 2323.

The People column has moved to Page 14.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Five to Fifteen Years						
Treas 13¼pc 1997‡‡	171⅛	—	114⅞	108⅜	11.88	10.13
Exch 10½pc 1997	102	—	104½	97¼	10.28	9.94
Treas 8¾pc 1997‡‡	98⅛	—	97⅞	89⅜	9.20	9.80
Exch 15pc 1997	119⅜xd	—	123⅞	117	12.82	10.25
8¾pc 1998	93⅛	—	101⅞	93⅜	9.84	9.92
Treas 6¾pc 1995–98‡‡	88xd	+⅛	90⅛	86⅞	7.67	9.35
15½pc '98‡‡	125xd	+⅛	128⅞	121⅞	12.40	10.14
Exch 12pc 1998	109¼	+⅛	112⅜	104⅜	10.98	10.03

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Undated						
Consols 4pc	40⅝	+⅛	42⅞	37⅜	9.88	-
War Loan 3½pc	35¼	+⅛	38¼	33⅛	9.88	-
Conv 3½pc '61 Aft	59½xd	+⅛	61⅞	57¼	5.87	-
Treas 3pc '66 Aft	30½xd	+⅛	31⅞	28¼	9.82	-
Consols 2½pc	25⅜xd	+⅛	26⅜	23⅛	9.79	-
Treas 2½pc	25¼xd	+⅛	26½	23⅜	9.98	-

BRITISH FUNDS - Cont.

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
Index-Linked						
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER FIXED INTEREST

Notes	Price £	+ or -	1991/92 high	1991/92 low	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Hydro Quebec 15pc 2011	133⅜	+⅛	137⅞	120⅜	11.20	10.82
Int-Am Dev 12½pc 2003	114⅜	+⅛	118⅞	105⅜	11.08	10.21
9¾pc 2015	97½	+⅛	101⅞	86⅞	10.37	10.02
Leeds 13½pc 2006	117¼	+⅛	118½	110½	11.88	11.05
Liverpool 3½pc Irred	31	—	31¼	28	11.67	-
LCC 3pc '20 Aft	28	—	28	26	11.11	-
Manchester 11½pc 2007	104¾	+¼	107½	97½	11.27	10.85
Met. Wtr. 3pc 'B'	64½	+¼	66¼	62	8.27	9.90
Anglia 3⅞pc 2021	186	—	185¼	102	-	5.59
4⅛pc IL 2024	104	—	107¾	104	-	5.33
Utd Mex States 16½pc 2008	122½	—	126	101	13.33	13.12

AMERICANS

Notes	Price £	+or-	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbott Labs	35⅞xd	+1/16	36 11/16	20⅞	15,256	1.9
Allegheny & W.	385p	—	398p	218p	168.9	5.5
Amdahl	976p	-35	1150p	667p	1,083	0.6
Amer Cyanamid	36½	+⅛	42⅛	28¾	3,492	2.3
Amer Express	13 3/16xd	+1/16	17⅞	9 11/16	6,282	4.3
Amer T & T	21 7/16xd	-½	24⅛	15¼	30,208	3.2
Ameritech	34	—	36⅜	32½	14,888	5.8
BankAmerica	25 15/16xd	-1/16	28⅝	12 3/16	5,889	2.8
Bankers NY	22⅞xd	-⅛	30	20	2,701	8.3
Bell Atlantic	24¼	-¼	30⅞	24	9,636	5.8
BellSouth	25½	-¼	31¼	25	12,368	6.1
Bethlehem Steel	8⅞xd	—	11⅜	6 3/16	676.5	—
Bowater	1512pxd	-27	1599p	1042p	543.1	4.5
CPC	50¼xd	-⅛	54 1/16	37 11/16	3,798	2.7
California Engy	712p	-11	599p	420p	129.6	—
Campbell Soup h	20⅜	-¼	25	14⅛	5,164	1.9
Chase Manhattan	13 13/16xd	-1/16	14 11/16	8 1/16	1,899	4.8
Chrysler	10 1/16xd	-1/16	10⅝	5⅜	2,941	3.4
Citicorp	9 11/16xd	-1/16	10⅞	4⅝	3,327	—
Colgate-Palm	28¼xd	+1/16	28 1/16	21 1/16	4,168	2.1
Cont'l Bank	884p	+11	937p	438p	994.4	3.4
Dana	23⅛xd	+1/16	23¾	13⅝	898.6	3.9
Data General	593p	-17	1282p	203p	163.6	—
Dial	22¼xd	-1/16	26⅞	7⅞	863.4	2.8
Dun & Brad	37	-½	39½	20¼	5,889	3.7
Eaton	45⅛	-⅛	45½	24¼	1,645	2.7
Echlin	10¼xd	+1/16	11	5½	609.3	3.7
FPL	19¼xd	-⅛	20⅛	14 1/16	3,284	7.0
Fluor	23⅜xd	-1/16	30 1/16	17 1/16	1,918	1.0
Ford Motor	22½xd	-1/16	22 1/16	13	16,719	2.5
Gen Elect	46xd	-1/16	46 11/16	28 1/16	36,666	2.6
General Host	342p	+40	[illegible]	270p	—	3.7
Gillette	27 7/16xd	-1/16	45⅛	20⅞	6,026	1.3
Hasbro h	14⅛	-1/16	16	5⅜	1,225	0.5
Honeywell	42½xd	-1/16	43	21⅛	2,984	2.2
Houston Inds	24½	—	24½	17⅞	3,158	6.8
IBM	49 7/16xd	-⅛	72 11/16	46	28,213	5.5
Ingersoll-Rand	37xd	-1/16	38 1/16	18 1/16	1,818	2.0
Lockheed	26⅜	+⅛	28⅛	16⅛	1,668	4.3
Lowe's	2278p	-45	2478p	1245p	829.5	1.4
Merrill Lynch	33⅜xd	-⅛	38 11/16	10 1/16	3,491	1.7
Morgan (JP)	33¼xd	-1/16	38¼	21 11/16	6,889	3.7
Morris (Philip)	44⅛xd	-½	45 5/16	25 1/16	40,601	2.7
NYNEX	48	+⅛	48⅞	39	8,819	6.2
Pac Agric	42p	—	66p	16p	—	—
Pall	15⅛	-⅛	17 13/16	10 1/16	1,329	1.3
Pennzoil	26¼xd	+⅛	48⅛	25⅝	1,061	6.4
Quaker Oats	33⅛xd	-1/16	48 1/16	24⅞	2,833	2.9
Rockwell	14 13/16xd	+1/16	17⅜	12⅛	3,408	3.5
Rep NY	23¾	-⅛	27 11/16	16½	1,236	2.4
Sears, Roebuck	26⅞xd	-⅛	28	12 11/16	9,284	4.2
Sthwestern Bell	34	—	35⅞	25⅝	10,184	4.7
Sun Co	18⅜xd	-1/16	20¼	14⅛	1,738	6.3
Tenneco	22¼xd	-⅛	27⅛	14⅞	2,724	4.1
Texaco	32 13/16xd	-1/16	40½	29 1/16	8,813	5.5
Time Warner	58½xd	-1 1/16	64½	37⅞	5,494	0.9
Unitab	460p	—	587p	330p	427.2	—
Utd Tech	30⅝xd	-⅛	31½	22⅛	3,728	3.3
Utiltech	120p	—	120p	42p	—	—
URS Intl. 1c	6½p	—	1⅛p	0¼p	1.59	—
US West	19⅞	—	20	18⅛	8,119	5.9
Varity	745p	-17	1418p	578p	185.9	—
Waste Manage	23⅞xd	-1/16	28	16⅜	11,168	1.0
Whirlpool	2781pxd	—	2781p	1053p	1,877	2.3
Woolworth	17½	-1/16	20 1/16	12¼	2,282	3.5

CANADIANS

Notes	Price £	+or-	1991/92 high	low	Mkt Cap £m	Yld Gr's
Abbot Energy	2p	—	11p	1¼p	—	—
Amer Barrick	1435p	-50	1542p	953p	1,980	0.3
Bk Montreal	20¼	+⅛	23¼	13	2,493	5.5
Bk Nova Scot	951p	+10	1176p	536p	1,992	4.7
BC Gas	645p	+4	[illegible]	639p	—	3.8
BCE	22⅞	—	24½	17¼	7,880	6.8
Brascan	857p	-21	[illegible]	647p	706.2	6.6
Breakwater	28¼p	+4	35p	6p	17.8	20.2

BANKS

BREWERS & DISTILLERS

BUILDING MATERIALS

BUILDING MATERIALS - Cont.

BUSINESS SERVICES

CHEMICALS

CONGLOMERATES

CONTRACTING & CONSTRUCTION

CONTRACTING & CONSTRUCTION - Cont.

ELECTRICALS

ELECTRICITY

ELECTRONICS

ENGINEERING—AEROSPACE

ENGINEERING—GENERAL

ENGINEERING—GENERAL - Cont.

FOOD MANUFACTURING

FOOD RETAILING

HEALTH & HOUSEHOLD

HEALTH & HOUSEHOLD - Cont.

HOTELS & LEISURE

INSURANCE BROKERS

INSURANCE COMPOSITE

INSURANCE LIFE

INVESTMENT TRUSTS

INVESTMENT TRUSTS - Cont.

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Notes	Price	+or-	1991/92 high	low	Yld Gr's	NAV	Dis or Pm(-)
Scot National Inc.	[illegible]	−½	118	[illegible]	12.3	–	–
Cap.	22	−1	[illegible]	22	–	6.9	−290.0
Stepped Pf	128½	+½	133½	113	5.4	–	–
Zero Div Pf	[illegible]	−½	172½	141	–	–	–
Warrants	6½	–	19	6	–	–	–
Scot Value	67½	–	68	45¾	2.5	57.2	0.4
Sec Alliance	[illegible]	–	[illegible]	[illegible]	4.8	1346.0	13.4
Second Market	225	–	[illegible]	199	0.9	275.6	14.4
Sec Tst Scot	[illegible]	−1	75	57½	6.3	71.8	7.8
Select Assets	[illegible]	+½	102	71	1.2	136.8	28.6
Eq Ind Serl	112	−1	[illegible]	[illegible]	8.1	–	–
Eq Ind Serll	112	−1	121	[illegible]	8.1	–	–
Shires	[illegible]	–	250	191	11.7	220.5	7.9
11pc Cv Ln '03/04	[illegible]	–	£128½	£97½	11.1	–	–
Siam Select	[illegible]	–	[illegible]	78	1.5	108.1	17.1
Warrants	[illegible]	–	31	17	–	–	–
Smaller Cos	71	–	[illegible]	[illegible]	4.7	81.0	12.4
Warrants	[illegible]	–	25	8	–	–	–
Sphere Inc	[illegible]	+½	23	14¾	[illegible]	22.8	32.3
Zero Div Pf	[illegible]	–	[illegible]	[illegible]	–	–	–
Warrants	[illegible]	–	[illegible]	[illegible]	–	–	–
Stratton	132	–	[illegible]	120	1.6	187.8	19.1
Sumit	40	–	110	38	4.2	108.0	63.0
TR City of Lon	[illegible]	–	121¼	90	6.2	108.8	4.4
TR Euro Growth	85	–	104	78	1.5	99.9	14.1
Ptg Sub	51	–	58	40	2.5	–	–
TR Far East Inc	[illegible]	–	94	55	6.3	101.8	13.0
Warrants	13	–	23	12	–	–	–
TR High Inc	[illegible]	–	115	85	4.8	95.1	3.2
Sub	25	–	35	24	8.5	–	–
TR Pacific	[illegible]	–	[illegible]	[illegible]	8.4	98.8	11.0
TR Prop	[illegible]	–	37	22	8.4	32.6	39.5
TR Smaller	127	−2	[illegible]	[illegible]	3.9	149.9	15.0
TR Technology	81	–	[illegible]	20	8.8	110.0	74.0
Stepped Pf	94¾	–	94¾	70½	7.8	–	–
Zero Pf	[illegible]	–	174½	117½	–	–	–
Temple Bar	246	−4	278	210	7.8	275.5	10.7
8pc Cv Ln 2002	[illegible]	–	£115½	[illegible]	8.8	–	–
Templeton Em	[illegible]	+1	225	[illegible]	1.7	218.3	5.4
Warrants	[illegible]	–	90	27	–	–	–
1pc Cv Ln 2001	[illegible]	–	[illegible]	[illegible]	0.5	–	–
Thornton Asian	[illegible]	–	72	55	1.1	77.5	22.8
Warrants	6½	–	18	1	–	–	–
Thornton Pan Euro	[illegible]	–	51	26	4.9	30.8	8.6

INVESTMENT COMPANIES

MEDIA

MERCHANT BANKS

MERCHANT BANKS - Cont.

METALS & METAL FORMING

MISCELLANEOUS

MOTORS

OIL & GAS

OIL & GAS - Cont.

OTHER FINANCIAL

OTHER INDUSTRIAL MATERIALS

PACKAGING, PAPER & PRINTING

PACKAGING, PAPER & PRINTING - Cont.

PROPERTY

STORES

STORES - Cont.

TELEPHONE NETWORKS

TEXTILES

TRANSPORT

WATER

SOUTH AFRICANS

PLANTATIONS

MINES

MINES - Cont.

Notes	Price	+or-	1991/92 high	low	Mkt Cap£m	Yld Gr's
Kenmare	4½	–	[illegible]	3½	4.32	–
Navan Res IE	24	–	[illegible]	15	3.32	–
Northgate Expl C$	37	−1	[illegible]	37	4.87	–
North West Expl A$	2½	–	18	2	0.84	–
Oryx Gold $	[illegible]	–	[illegible]	77½	–	–
Ovoca Gold IE	10	–	[illegible]	8	0.78	–
Plateau	9	–	44	9	4.10	–
RTZ	558xd	−2	[illegible]	404	5,565	4.7
Vizcaya	2	–	10	2	1.07	–
Western & Pac C$	14½	+1½	152	7	8.02	–
Young Grp	[illegible]	−5	[illegible]	25	3.42	19.3

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid-prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ■ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ), and non-UK stocks which are quoted on SEAQ International
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ✤ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially UK listed; dealings permitted under Rule 535(2)
- ¶ Price at time of suspension
- ¶ Indicated dividend yield after pending scrip and/or rights issue.
- ◆ Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ♠ Unregulated collective investment scheme.

a Yield based on annualised dividend. b Figures based on prospectus or other offical estimates. c Cents. f Flat yield. g Assumed dividend yield after rights issue. h Assumed dividend yield after scrip issue. k Rights issue pending. q Earnings based on preliminary figures. s Dividend yield excludes a special payment. v Subject to local tax. z Dividend yield includes a special payment. E Minimum tender price. F Yield based on prospectus or other offical estimates for 1990-91. G Assumed yield after pending scrip and/or rights issue. H Yield based on prospectus or other offical estimates for 1991. K Yield based on prospectus or other official estimates for 1991-92. N Yield based on prospectus or other offical estimates for 1992. P Figures based on prospectus or other official estimates for 1991. R Forecast annualised yield, p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1200 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Unit Trust Managers Limited (1000)F						
51 Belmont Rd Uxbridge	[illegible]					
AIB Grofund Income	[illegible]					
AIB Grofund Equity	[illegible]					
AIB Grofund Euro	[illegible]					
AIB Grofund Gilt	[illegible]					
AIB Grofund Japan	[illegible]					
Abbey Unit Tst Mngrs (1000)H						
80 Holdenhurst Rd Bournemouth						0345 717373
[illegible]						
Aberforth Unit Trust Managers Ltd (1600)F						
14 Chester St, Edinburgh EH3 7RA						
[illegible]						
Brewin Dolphin Unit Tst Mgrs Ltd (0905)F						
5 Giltspur St, London EC1A 9DE						
[illegible]						
Britannia Life Unit Managers Ltd (1200)F						
190 West George St, Glasgow G2 2PA						
Balanced Growth	[illegible]					
Do (Accum)	[illegible]					
Income Growth	[illegible]					
Do (Accum)	[illegible]					
Higher Yield	[illegible]					
Do (Accum)	[illegible]					
American Gth Inc	[illegible]					
Do (Accum)	[illegible]					
European Growth	[illegible]					
Do (Accum)	[illegible]					
Global Bond Inc	[illegible]					
Do (Accum)	[illegible]					
Brown Shipley & Co Ltd (1000)F						
9-17 Perrymount Rd Haywards Hth	[illegible]					
[illegible]						

[illegible]

National Provident Inv Mgrs Ltd (1400)H

[illegible]

Marks & Spencer Unit Trust Ltd (1200)F

[illegible]

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: [illegible]

OFFER PRICE: [illegible]

BID PRICE: [illegible]

CANCELLATION PRICE: [illegible]

TIME: [illegible]

HISTORIC PRICING: [illegible]

FORWARD PRICING: [illegible]

SCHEME PARTICULARS AND REPORTS: [illegible]

[illegible]

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INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

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	Bid Price	Offer Price	+ or -	Yield Gross
Norwich Union Life Insurance Soc.-Contd.				
Pensionmaster* & Unit-Linked Plns*				
Mixed Fund	435.3	458.2	-2.7	-
Ordinary Share Fund	648.5	682.6	-7.9	-
International Fund	172.0	181.1	+0.6	-
Property Fund	259.6	273.3	+0.4	-
Fixed Interest Fund	390.2	410.7	+0.2	-
Index-Linked Sec Fund	188.3	198.2	-0.9	-
Deposit Fund	278.5	293.2	+0.6	-
Norwich Units Feb 14	1048.63			
*Prices as at March 24				
Jersey Investment Plan				
With Profits Fund	122.99	129.36	+0.04	-
Intl Equity Fund	91.75	96.60	+0.19	-
Intl Bond Fund	120.71	127.06	+0.26	-
Norwich Union Pensions Management Ltd				
Surrey Street, Norwich NR1 3NG			0603 683335	
Group Pooled Pensions				
Balanced Managed Fd	311.98	317.28	+0.58	-
Growth Managed Fd	103.43	105.29	+0.16	-
Secured Managed Fd	102.95	104.37	+0.16	-
Prices as at March 24				
Pearl Assurance (Unit Funds) Ltd				
Thorpe Wood, Peterborough PE3 6SA			0733 63212	
Prop Dist (Gross)	133.7	140.8	+0.1	-
Prop Acc (Gross)	254.9	268.3	+0.1	-
Equity (Gross)	839.5	883.7		-
Managed (Gross)	589.4	620.4	+0.1	-
Prop Acc (Net)	121.6	128.0		-
Equity (Net)	195.1	205.4		-
Managed (Net)	182.0	191.6		-
International (Net)	167.2	176.0	+0.1	-
Gilt & Fxd Interest	131.9	138.9		-
Money Fund	137.4	144.6		-
Mixed Fund (Cap)	114.8	120.9		-
Mixed Fund (Acc)	118.3	124.6		-
Pearl Assurance (Unit Linked Pens) Ltd				
Ret Man (Series 1)	643.9	677.8	+0.4	-
Ret Man (Series 2)	218.4	229.9	+0.1	-
Ret Cash	192.2	202.3		-
Pens Mixed Fd (Cap)	127.9	134.7		-
Pens Mixed Fd (Acc)	131.7	138.7		-
Pens Stab Fd (Cap)	101.8	107.2		-

	Bid Price	Offer Price	+ or -	Yield Gross
Provident Mutual Life Assc. Assn.-Contd.				
Fixed Interest Ord	227.6	229.1	+0.3	-
Fixed Interest Init	160.1	168.5	+0.1	-
Deposit Ord	183.6	193.3		-
Deposit Init	135.1	142.2		-
Pension Funds				
Managed Ord	[illegible]	473.8	-0.3	-
Managed Init	331.2	348.6	-0.3	-
Equity Ord	672.1	707.5	-1	-
Equity Init	494.6	520.6	-0.9	-
Pen Ind Lkd Gilt Ord	178.4	187.8	+0.1	-
Pen Ind Lkd Gilt Init	137.1	144.3		-
Overseas Equity Ord	318.6	335.4	+0.1	-
Overseas Equity Init	234.4	246.7		-
Property Ord	279.3	294.0	+0.1	-
Property Init	205.6	216.4	+0.1	-
Fixed Interest Ord	275.8	[illegible]	+0.1	-
Fixed Interest Init	202.5	213.2	+0.1	-
Deposit Ord	261.9	275.7	+0.1	-
Deposit Init	192.8	202.9	+0.1	-
Prudential Assurance Co				
Holborn Bars, London EC1N 2NH			071-405 9222	
Prufund				
Managed Mar 11	1254.0	264.6	-1.1	-
Prudential Corporate Pension Funds				
1 Stephen St, London W1P 2AP			071-548 3281	
Prudential Managed Funds				
Discretionary Mar 12	£181.11	186.66		-
Equity Mar 12	£304.16	311.11		-
International Mar 12	£28.03	28.64		-
Intl Bond Mar 12	£14.65	14.84		-
Fixed Int Mar 12	£99.30	100.46		-
Index Linked Mar 12	£71.69	72.60		-
Property Mar 12	£106.80	112.92		-
Cash Mar 12	£29.9688	29.9688		-
Pru-Linked Retirement Plan				
Managed Mar 17	434.6	452.8	-3.3	-
Cash Mar 17	276.3	287.9	+0.5	-
Prudential Pensions Investment Account				
Pens Mixed Mar 25	174.0	187.3	+0.7	-
Pens UK EQ Mar 25	302.4	326.1	+2.7	-
Pens Intl Mar 25	200.6	215.9	-1.7	-
Pen Global Eqy Mar 25	97.7	102.9	+0.3	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

ISLE OF MAN (SIB RECOGNISED)

مكتبة احمد الأصل

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ISLE OF MAN (REGULATED)

JERSEY (SIB RECOGNISED)

Commercial Union Luxembourg SA (a)

41 Ave de la Gare L-1611 010 352 402020261

Commercial Union Prestige Portfolio

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Equity Funds						
Monthly Income (z)	-	-	97.20	103.03		
Private Client Mgd (z)	-	-	92.46	98.01		
Far Eastern Gwth (z)		$-	1.6297	1.7275		0.00
American Gwth (z)		$-	2.2028	2.3350		1.01
European Gwth (z)		Ecu-	1.8228	1.9311		
Japanese Gwth (z)		Y-	154	163	+2.0	0.00
UK Growth (z)		-	91.87	97.38		
Italian Gwth (z)		L-	1296	1374		
Spanish Gwth (z)		Pta-	171	181	-1.0	1.91
Dutch Gwth (z)		Dfl-	4.9318	5.2277		
Belgian Gwth (z)		BFr-	89	94		
French Gwth (z)		FFr-	9.2654	9.8219		1.41
German Growth (z)		DM-	2.1939	2.3255		
Green (z)		$-	1.5564	1.6497		
Reserve Funds						
Dollar Reserve Acc (z)		$-	10.4072	10.5416		2.6
Dollar Reserve Dis (z)		$-	9.9593	10.0599		2.6
Yen Reserve Acc (z)		Y-	1015	1025		3.6
Yen Reserve Dis (z)		Y-	999	1009		3.6
Bond Funds						
Presta Bond Acc (z)		Pta-	248	250		12.2
Presta Bond Dis (z)		Pta-	205	207		12.2

Midland International Circuit Fund SICAV (a)

Midland Bank Fund Managers (Jersey) Ltd

PO Box 26, St Helier, Jersey 0534 606000

	Init Chge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
UK Growth		£-	0.913	0.969		2.95
European Growth		£-	0.949	1.007		
European Opps		$-	2.195	2.328		1.50
Japan Growth		£-	0.726	0.771		
Japanese Opps		$-	1.586	1.68		
Pacific Growth		£-	0.986	1.044		
Nth American Growth		$-	1.11	1.177		
American Opps		$-	2.178	2.309		
Environmental Opps		£-	0.941	0.998		
UK Fixed Interest		£-	1.138	1.208		
Multicurrency Bond		£-	1.06	1.125		
UK Stg Liquidity		£-	2.039	1.102		
US$ Liquidity		$-	1.68	1.782		

For MIM see INVESCO MIM

Morgan Grenfell Investment Funds Ltd

20 Finsbury Circus, EC2M 2UT 071-826 0826

Nomura Global Fund (a)

Nomura Intl, Nomura Hse, 1 St Martin's-le-Grand, London EC1A 4NP 071-236 0811

Norwich Union Intl Portfolio (a)

Fidelity Investment (CI) Ltd

Fleming Group

Gartmore Luxembourg S.A.

INVESCO MIM International

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)

LUXEMBOURG (REGULATED)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar drops on poor figures

THE DOLLAR dropped against key currencies yesterday after disappointing US economic statistics offered little hope of prospects for recovery from the recession, writes Andrew Jack.

Early on, its downside was tested, since the dollar has failed recently to break through the DM 1.68 topside. It dropped to its considered support level of DM 1.6550 inmid-session.

The US Commerce department released durable goods figures for February showing a decline of 0.1 per cent compared with a revised rise of 2.4 per cent for January, driven by declining demand for industrial machinery, electrical equipment and defence orders. That compared with expectations of between one and two per cent growth, and helped push the dollar down half a pfennig to 1.65.

It later rallied on statistics from the US National Association of Realtors showing existing home sales for February were up 16.1 per cent from a year earlier. At the close, the dollar was down from DM 1.6665 to DM 1.6525.

"The market was relatively soft all day," said Mr Mark Austin of Hongkong and Shanghai Bank in London. "But it is difficult to take too seriously these figures on changes in the economy." He said housing sales only supported what was already known.

He said the market was waiting for a series of key indicators for March which would be released next week and would provide more solid evidence of whether the US recession was ending.

In Asian trading, the dollar had closed little changed against the Yen at Y133.78 compared with Y133.50/60 at Tuesday's Tokyo close. It was easier against the mark at DM 1.6608, compared with DM 1.6635/40 on Tuesday.

Dealers attributed the fall to stop-loss selling from early European traders caught long in dollars. The mark ended at Y80.55 against a previous close of Y80.20.

In mid-session trading in New York, it dropped back, stnading at DM 1.6510 and Y133.32/37.

In Europe, the dollar also fell from 1.5140 to 1.5025 against the Swiss franc, and from 5.6525 to 5.6140 against the French franc. There were also declines against the Australian and Canadian dollar.

Its poor performance allowed sterling to pick up in London yesterday despite the uncertainty surrounding the latest batch of opinion polls on the UK general election. It rose by almost one cent from $1.7188 to $1.7287 during the day.

The pound managed to gain 0.1 on the sterling exchange rate index to 90.1, but remained firmly at the bottom of the erm and fell away against the mark, dropping for most of the day and closing down 0.39 pfennigs at DM 2.8596.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Mar 25	% Change from Central Rate	% Spread v Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	129.044	-3.43	6.12	59
Belgian Franc	42.4032	42.0504	-0.83	3.34	36
Dutch Guilder	2.31643	2.30063	[illegible]	3.19	30
D-Mark	2.05586	2.04290	-0.63	3.15	35
Irish Punt	0.767417	0.765896	-0.20	2.69	5
Italian Lira	1538.24	1538.71	0.03	2.45	-5
French Franc	6.89509	[illegible]	0.49	1.98	-31
Danish Krone	7.84195	7.92828	1.10	1.37	-54
Sterling	0.696904	0.714201	2.48	0.00	-49

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. Adjustment calculated by Financial Times.

£ IN NEW YORK

Mar 25	Latest	Previous Close
£ Spot	1.7305 - 1.7315	1.7190 - 1.7200
1 month	0.91 - 0.92pm	0.96 - 0.94pm
3 months	2.62 - 2.79pm	2.74 - 2.71pm
12 months	9.22 - 9.12pm	9.12 - 9.02pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Mar 25	Previous
8.30 am	90.1	90.1
9.00 am	90.1	90.1
10.00 am	90.1	90.1
11.00 am	90.1	90.1
Noon	90.1	90.1
1.00 pm	90.1	90.1
2.00 pm	90.1	90.1
3.00 pm	90.1	90.1
4.00 pm	90.1	90.0

CURRENCY MOVEMENTS

Mar 25	Bank of England Index	Morgan Guaranty Changes %
Sterling	90.1	-21.9
U.S. Dollar	66.1	-13.9
Canadian Dollar	101.1	-1.1
Austrian Schilling	110.1	+13.2
Belgian Franc	112.7	+7.8
Danish Krone	108.9	+8.0
D-Mark	118.6	+25.8
Swiss Franc	106.8	+14.0
Dutch Guilder	114.5	+16.3
French Franc	103.6	-6.6
Lira	98.6	-19.9
Yen	138.3	+72.0
Peseta	107.2	-12.6

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). *Rates are for Mar 24

CURRENCY RATES

Mar 25	Bank % rate	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.791823	0.714201
U.S. Dollar	3.50	1.36532	1.23378
Canadian $	7.50	1.62504	1.46828
Austrian Sch	7.50	15.9682	14.3849
Belgian Franc	8.50	46.7836	42.0504
Danish Krone	9.50	8.80743	7.92828
D-Mark	8.00	2.27012	2.04290
Dutch Guilder	8.50	2.55319	2.30063
French Franc	10¼	7.68787	6.92892
Italian Lira	12	1706.04	[illegible]
Japanese Yen	4.50	182.098	164.735
Norway Krone	-	8.91878	8.02205
Spanish Peseta	-	142.986	129.044
Swedish Krona	10.00	N/A	[illegible]
Swiss Franc	7.00	2.06164	1.85684
Greek Drach	19	262.405	236.763
Irish Punt	-	N/A	0.765896

& Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Mar 24

OTHER CURRENCIES

Mar 25	£	$
Argentina	1.7140 - 1.7170	0.9925 - 0.9935
Australia	2.2605 - 2.2625	1.3080 - 1.3090
Brazil	3270.30 - 3275.20	1894.00 - 1894.20
Finland	7.7675 - 7.7890	4.5040 - 4.5070
Greece	328.600 - 333.850	190.250 - 193.250
Hong Kong	13.3700 - 13.3815	7.7385 - 7.7405
Iran	2479.00*	1435.50*
Korea(Sth)	1320.65 - 1342.00	769.20 - 778.40
Kuwait	0.50935 - 0.51035	0.29570 - 0.29620
Luxembourg	[illegible]	34.00 - 34.10
Malaysia	[illegible]	2.5745 - 2.5765
Mexico	5215.55 - 5227.20	3074.00 - 3075.00
N Zealand	3.1425 - 3.1460	[illegible]
Saudi Ar	6.4305 - 6.5075	3.7495 - 3.7505
Singapore	2.8620 - 2.8665	1.6550 - 1.6570
S Af (Cm)	4.9800 - 4.9915	2.8830 - 2.8845
S Af (Fn)	6.1295 - 6.2400	3.5460 - 3.6100
Taiwan	43.90 - 44.10	25.50 - 25.60
U.A.E.	6.2965 - 6.3735	3.6715 - 3.6735

*Floating rate. Iran Official rate £115.30 $67.35

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Mar 25	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Can. Dollar	6¾ - 6½	7 - 6¾	7¼ - 7	7⅜ - 7¼	7⅞ - 7⅝	8⅜ - 8⅛
Dutch Guilder	9¾ - 9⅝	9⅞ - 9¾	9¾ - 9⅝	9⅞ - 9¾	9¾ - 9⅝	9⅝ - 9½
Swiss Franc	8 - 7¾	9 - 8¾	9 - 8¾	8⅞ - 8¾	8⅞ - 8¾	8¾ - 8⅝
D-Mark	9⅝ - 9½	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾
French Franc	10 - 9¾	10 - 9¾	10⅛ - 9⅞	10⅛ - 10	10⅛ - 10	10⅛ - 10
Italian Lira	12 - 10	12¼ - 11¼	12¼ - 11¾	12¼ - 11¾	12⅛ - 11⅞	12⅛ - 11⅞
Belgian Franc	9⅝ - 9½	9⅝ - 9½	9⅞ - 9¾	9⅞ - 9¾	9⅞ - 9¾	9⅝ - 9½
Yen	6 - 5¾	6 - 5¾	5⅜ - 5¼	5⅛ - 5	4⅞ - 4¾	4⅞ - 4⅝
Danish Krone	10 - 9¾	10 - 9¾	10 - 9¾	10 - 9¾	10 - 9¾	10 - 9¾
Asian $Sing.	3½ - 3	3½ - 3	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½	3⅝ - 3½
Spanish Peseta	12⅛ - 12¼	12⅞ - 12⅝	12⅞ - 12⅝	12⅞ - 12⅝	12¾ - 12½	12⅝ - 12⅜

Long term Eurodollars: two years 6¾-6½ per cent; three years 6⅞-6¾ per cent; four years 7⅜-7¼ per cent; five years 7⅝-7½ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Mar.25	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.731	2.860	231.0	9.697	2.597	3.220	2156	2.060	58.95	1.398
$	0.578	1	1.652	133.4	5.602	1.500	1.860	1246	1.190	34.06	0.808
DM	0.350	0.605	1	80.77	3.391	0.908	1.126	753.8	0.720	20.61	0.489
YEN	4.329	7.494	12.38	1000.	41.98	11.24	13.94	9333	8.918	255.2	6.052
F Fr.	1.031	1.785	2.949	238.2	10.	2.678	3.321	2223	2.124	60.79	1.442
S Fr.	0.385	0.667	1.101	88.95	3.734	1	1.240	830.2	0.793	22.70	0.538
N Fl.	0.311	0.538	0.888	71.74	3.011	0.807	1	669.6	0.640	18.31	0.434
Lira	0.464	0.803	1.327	107.1	4.498	1.205	1.494	1000.	0.955	27.34	0.648
C$	0.485	0.840	1.388	112.1	4.707	1.261	1.563	1047	1	28.62	0.679
B Fr.	1.696	2.936	4.852	391.9	16.45	4.405	5.462	3657	3.494	100.	2.372
Ecu	0.715	1.238	2.046	165.2	6.936	1.858	2.303	1542	1.474	42.17	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EUROMARK OPTIONS; LIFFE ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

20-YEAR 9% NOTIONAL GILT; US TREASURY BONDS; 6% NOTIONAL GERMAN GOVT. BOND; 6% NOTIONAL LONG TERM JAPANESE GOVT. BOND; 9% NOTIONAL ECU BOND; 12% NOTIONAL ITALIAN GOVT. BOND (BTP); THREE MONTH STERLING; THREE MONTH EURODOLLAR; THREE MONTH EUROMARK; THREE MONTH ECU; THREE MONTH EURO SWISS FRANC; FT-SE 100 INDEX; FT-SE EUROTRACK 100 INDEX

[illegible]

FT-SE EUROTRACK 100 INDEX

	Close	High	Low	Prev.
Jun	1157.0			1157.0
Sep				

Estimated volume 0 (0). Previous day's open int. 18 (18)

* Contracts traded on APT. Closing prices shown.

CHICAGO

U.S. TREASURY BONDS (CBT) 8%; JAPANESE YEN (IMM); DEUTSCHE MARK (IMM); U.S. TREASURY BILLS (IMM); THREE-MONTH EURODOLLAR (IMM); BRITISH POUND (IMM); STANDARD & POORS 500 INDEX; SWISS FRANC (IMM)

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

PARIS

7 to 10 YEAR 10% NOTIONAL FRENCH BOND (MATIF) FUTURES; THREE-MONTH PIBOR FUTURES (MATIF); CAC-40 FUTURES (MATIF); ECU BOND (MATIF)

[illegible]

Estimated volume 8,417 Total Open Interest 16,544

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls June	Calls September	Calls December	Puts June	Puts September	Puts December
103	-	-	-	0.02	-	-
104	-	-	-	0.04	-	-
105	-	-	-	0.09	0.31	-
106	1.94	-	-	0.20	0.52	-
107	1.18	-	-	0.40	-	-
108	0.61	1.21	-	0.83	-	-
109	0.27	0.78	1.07	1.48	-	-
Open Int.	116,020	23,793	860	96,469	10,716	950

Estimated volume 35,865 Total Open Interest 248,810

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7315	1.7223	1.7034	1.6783	1.6395

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Heritable & Gen Inv Bnk	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Cricket stops trade

THE market was subdued during the day, with several dealers suggesting the low levels of trade in the morning were driven by the distraction of the world cricket cup being played in Australia, writes Andrew Jack.

One dealer said the match had driven many traders into pubs with televisions where they could watch the proceedings in Melbourne.

The opinion polls continued to inject an element of uncertainty into the market, with the latest suggesting a hung parliament. One dealer argued that much of the effect of the election had already been discounted, with upward shifts in the long end reflecting the uncertainties surrounding either a Labour victory or coalition government.

UK clearing bank base lending rate 10½ per cent from September 4, 1991

The overnight held at around 10¼-10 per cent in the morning before rising slightly to 10⅝-10¼ per cent by the end of the day, at the same level as close of trading on Tuesday.

Three-month money closed at 10⅞-10¾ which represented a further easing of 1/16 per cent on the previous day's close, while one year stood at 11-10⅞ per cent.

The June sterling contract closed at 89.14 on a volume slightly above that of recent days at 29,911. That compared with an opening price of 89.01, down 4 basis points from Tuesday's close. It fluctuated between 88.98 and 89.15 in transactions during the day.

The Bank of England anticipated a shortage of £400m in the morning, driven mainly by £420m in bills for repurchase by the market and £269m in treasury bills and maturing assistance, offset by £395m in exchequer transactions.

The Bank did not operate in the market during the morning, and revised its shortage to £250m at midday. In the afternoon it purchased bills totalling £79m in Band 1 at 10⅜ per cent. It provided late assistance of around £30m.

German call money remained at the high levels already seen earlier this week despite an injection of DM 6bn at the securities repurchase tender. The Bundesbank accepted bids for DM 11.5bn of 28-day repo funds, allocated at mostly 9.55 per cent. Call money was quoted at 9.65/70 per cent, unchanged from Tuesday.

The US Federal Reserve refrained from any operations as expected since the issue of three-day system repurchase agreements on March 23.

FT LONDON INTERBANK FIXING

(11.00 a.m. Mar 25) 3 months US dollars		6 months US Dollars	
bid 4⅜	offer 4½	bid 4⅝	offer 4¾

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK

Lunchtime		Treasury Bills and Bonds			
Prime rate	6½	One month	3.98	Three year	6.20
Broker loan rate	6	Two month	4.13	Five year	6.97
Fed funds	3⅞	Three month	4.13	Seven year	7.23
Fed funds at intervention	-	Six month	4.33	10-year	7.51
		One year	4.59	30-year	7.97
		Two year	5.75		

Mar 25	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	9.60-9.70	9.65-9.75	9.65-9.75	9.65-9.75	9.65-9.75	9.75
Paris	9⅞-10	9⅞-10	9⅞-10	9⅞-10⅛	9⅞-9⅞	9.60
Zurich	7⅞-8⅛	8⅛-8⅜	-	8⅛-8⅜	-	-
Amsterdam	9.18-9.31	9.50-9.58	-	9.52-9.60	-	-
Tokyo	5⅜-5⅛	5⅛-5⅜	-	5⅛-5⅜	-	-
Milan	12-12⅛	12⅛-12⅜	-	12⅛-12⅜	-	-
Brussels	9⅛-9⅜	9⅝-9⅞	-	9⅝-9⅞	-	-
Dublin	10⅝-10⅞	10⅝-10⅞	10⅝-10⅞	10⅝-10⅞	10⅝-10⅞	-

LONDON MONEY RATES

Mar 25	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	11	10½	10⅞	10¾	11	11
Interbank Bid	9½	10¼	10⅝	10⅝	10¾	10⅞
Sterling CDs	-	-	10⅝	10⅝	10⅝	10⅞
Local Authority Deps	10¼	10⅜	10⅝	10⅝	10⅝	10⅞
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Deps	10⅛	10⅜	-	-	-	-
Company Deposits	-	-	10¾	10⅞	10⅞	11⅛
Finance House Deposits	-	-	10⅝	10¾	10⅞	10⅞
Treasury Bills (Buy)	-	-	10⅛	10⅛	10⅛	-
Bank Bills (Buy)	-	-	10⅛	10⅛	10⅛	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	4.25	4.27	4.45	5.05
SDR Linked Dep. Offer	-	-	6⅝	6⅝	6⅝	6¾
SDR Linked Dep. Bid	-	-	6⅛	6⅛	6⅛	6½
ECU Linked Dep. Offer	-	-	10¼	10¼	10⅜	10¼
ECU Linked Dep. Bid	-	-	10	10⅛	10⅛	10⅛

Treasury Bills (sell): one-month 10⅛ per cent; three months 10⅛ per cent; six months 10 per cent. Bank Bills (sell): one-month 10⅛ per cent; three months 10⅛ per cent; Treasury Bills: Average tender rate of discount 10.1582 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day February 28, 1992. Agreed rates for period Mar.25, 1992 to April 25, 1992, Scheme I: 11.67 p.c., Schemes II & III: 11.64 p.c. Reference rate for period Feb 1, 1992 to February 28, 1992, Scheme IV&V: 10.433 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from March 1, 1992: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6), Deposit £100,000 and over held under one month 7 per cent, one-three months 9½ per cent, three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent. Under £100,000 7 per cent from Sept 5, 1991. Deposits withdrawn for cash 5 per cent

MONEY MARKET FUNDS

Money Market Trust Funds

Money Market Bank Accounts

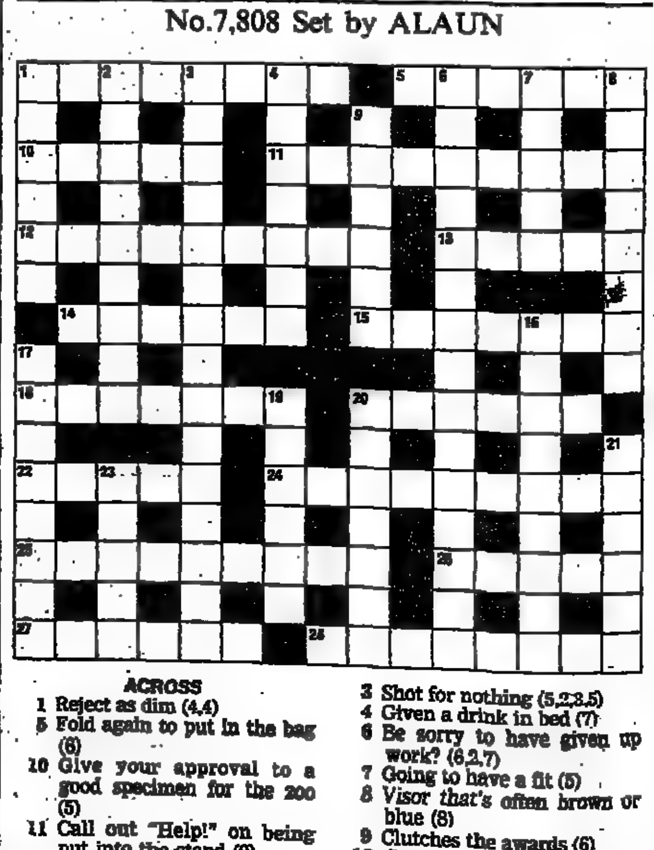
[illegible]

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate after allowing for the deduction of basic rate income tax. Gross CAR: Gross rate expressed to take into account the compounding of interest paid other than once a year. Compounded Annual Rate. Int Cr: Frequency at which interest is credited to the account.

JOTTER PAD

CROSSWORD

No.7,808 Set by ALAUN



ACROSS

1 Reject as dim (4,4)
5 Fold again to put in the bag (6)
10 Give your approval to a good specimen for the zoo (5)
11 Call out "Help!" on being put into the stand (9)
12 Is it in with slacks, then, in the suburbs? (9)
13 Mark showing the car's from somewhere other than Switzerland (5)
14 Rested on getting two points in front (6)
15 Right to be frightened about becoming disfigured (7)
18 How the cockney longed to get married (7)
20 A solemn and worried "How's the large one to fit in?" (6)
22 A point up, on paper (5)
24 On getting free, untie me in a jiffy (3,6)
25 Possibly one bawdy song(3,6)
26 Funny clue about 22, the money-lender (5)
27 Split that's small: not enough (6)
28 Not knowing anything about limericks? (8)

DOWN

1 Frightfully short skirt, by all accounts (3,3)
2 A tart some cook for lunch on Sunday (5,4)
3 Shot for nothing (5,2,3,5)
4 Given a drink in bed (7)
6 Be sorry to have given up work? (6,2,7)
7 Going to have a fit (5)
8 Visor that's often brown or blue (8)
9 Clutches the awards (6)
16 Concerning the origins of the money (9)
17 Haircuts that wouldn't look out of place on beaches (8)
19 Putting a little drink aside for when you come to visit (4,2)
20 Go too far – with the smuggling? (7)
21 Look again and again and again at the advertisement (6)
23 Warn incoherently about the hollow tree (5)

Solution to Puzzle No.7,807

Jeffrey | ilD

WORLD STOCK MARKETS

AUSTRIA — March 25 — Sch. — + or −

[illegible]

BELGIUM/LUXEMBOURG — March 25 — Frs. — + or −

[illegible]

DENMARK — March 25 — Kr — + or −

[illegible]

FINLAND — March 25 — Mks — + or −

[illegible]

FRANCE — March 25 — Frs. — + or −

[illegible]

FRANCE (continued) — March 25 — Frs. — + or −

[illegible]

GERMANY — March 25 — Dm. — + or −

[illegible]

GERMANY (continued) — March 25 — Dm. — + or −

[illegible]

ITALY — March 25 — Lire — + or −

[illegible]

NETHERLANDS — March 25 — Fls. — + or −

[illegible]

NORWAY — March 25 — Kroner — + or −

[illegible]

SPAIN — March 25 — Pts. — + or −

[illegible]

SWEDEN — March 25 — Kronor — + or −

[illegible]

SWEDEN (continued) — March 25 — Kronor — + or −

[illegible]

SWITZERLAND — March 25 — Frs. — + or −

[illegible]

SOUTH AFRICA — March 25 — Rand — + or −

[illegible]

JAPAN — March 25 — Yen — + or −

[illegible]

HONG KONG — March 25 — H.K.$ — + or −

[illegible]

AUSTRALIA — March 25 — Aust.$ — + or −

[illegible]

AUSTRALIA (continued) — March 25 — Aust.$ — + or −

[illegible]

MALAYSIA — March 25 — MYR — + or −

[illegible]

SINGAPORE — March 25 — S$ — + or −

[illegible]

Price data supplied by Telekurs.

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. (u) unavailable. ø Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

CANADA

TORONTO

3:15 pm prices March 25

Quotations in cents unless marked $

Sales	Stock	High	Low	Close	Chng
[illegible]					
10800	Canfor	\$27¾	27⅜	27¾	+¼
9800	CnPcForest	\$25½	24¾	25	+⅛
3500	Cara Op	\$5⅝	5½	5⅝	+⅛
4700	Cascades	\$7⅜	7¼	7⅜	+⅛
600	Celanese x	\$46½	45	45	
10100	Cntrl Cap	30	30	30	
17600	Cinepx Odn	370	365	365	−5
3000	Cntrl Fd A	445	445	445	−5
11800	Cominco	\$20¼	20⅛	20⅛	−⅛
200	Coputalog	71	71	71	

Sales	Stock	High	Low	Close	Chng
[illegible]					
3700	Ivaco A	310	d300	300	
200	Jannock	\$16⅞	16¾	16¾	
1000	KerrAddis	\$16¼	16⅛	16¼	
80200	Labatt	\$25⅞	25¾	25¾	
738800	Lac Minls	\$7⅞	d6⅞	7⅞	+⅛
2100	Lafarge	u\$18¼	18¼	18¼	
23400	Laidlaw A	\$12¼	12⅛	12⅛	
218400	Laidlaw B	\$12⅛	12⅛	12⅛	−⅛
200	Laurent Bk	\$18⅞	d18¾	18¾	

Sales	Stock	High	Low	Close	Chng
[illegible]					
65300	Ranger Oil x	\$8⅛	8	8	
5000	Rayrock	\$5⅝	5½	5⅝	+⅛
1300	Reed Sten	\$25	24⅞	24⅞	−⅛
400	Reitman S	\$18	18	18	
5200	Renaissance	\$12⅞	12⅝	12⅞	+⅛
121100	Repap Ent	460	450	455	−5
2000	Rio Algom	\$18	18	18	−⅛
311700	RogersCommB	\$12¾	d12½	12⅝	
200	Rothmans	\$94	94	94	
340400	RoyalBkCan	\$25	24¾	24⅞	+⅛
57500	Ryl Oak Mn	167	158	167	+9

Sales	Stock	High	Low	Close	Chng
[illegible]					

† − No voting rights or restricted voting rights

MONTREAL

3:15 pm prices March 25

Sales	Stock	High	Low	Close	Chng
[illegible]					
3800	DominTxt A	\$8⅞	8⅝	8⅝	−⅛
1500	MacleanHnt	\$11⅞	11⅞	11⅞	
83800	NatBk Can x	\$10⅞	10½	10⅝	
4200	Provigo	\$8⅞	8¾	8⅞	+⅛
1200	Quebecor A	\$13	d13	13	−⅛
8700	Teleglobe	\$12⅛	12⅛	12⅛	
5900	Videotron	\$16⅞	16½	16½	−⅜

Total Sales 9,917,500 shares

INDICES

NEW YORK

DOW JONES	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
♦Industrials	3260.96	3272.14	3276.39	3261.40	3290.25 (3/3)	3172.41 (2/1)	3290.25 (3/3/92)	41.22 (2/7/32)
Home Bonds	98.50	98.58	98.41	98.68	99.81 (6/2)	98.41 (20/3)	99.81 (6/2/92)	54.99 (1/10/81)
Transport	1397.05	1417.04	1433.67	1420.78	1467.68 (20/2)	1342.12 (2/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	205.43	205.43	206.12	205.12	225.99 (3/1)	202.55 (6/3)	236.23 (2/1/90)	10.50 (8/4/32)

♦Day's High 3294.96 (3288.89) Low 3242.84 (3249.33)

STANDARD AND POOR'S	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	408.88	409.91	411.30	409.80	420.77 (15/1)	403.89 (12/3)	420.77 (15/1/92)	4.40 (1/6/32)
Industrials	486.87	487.87	489.15	487.84	499.27 (15/1)	480.59 (12/3)	499.27 (15/1/92)	3.62 (21/6/32)
Financial	34.42	34.62	34.90	34.60	35.14 (15/1)	33.53 (31/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	225.89	226.41	226.96	226.25	231.85 (15/1)	223.30 (12/3)	231.85 (15/1/92)	4.46 (25/4/42)
Amex Mkt. Value	399.57	401.36	402.03	402.17	418.99 (12/2)	395.51 (2/1)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	618.68	621.83	624.28	625.96	644.92 (12/2)	586.45 (2/1)	644.92 (12/2/92)	54.87 (31/10/72)

	Mar 20	Mar 13	Mar 6	year ago (approx.)
Dow Industrial Div. Yield	2.80	2.84	2.84	3.53

	Mar 18	Mar 11	Mar 4	year ago (approx.)
S & P Industrial div. yield	2.61	2.64	2.61	2.88
S & P Indl. P/E ratio	28.91	28.51	28.61	17.95

NEW YORK ACTIVE STOCKS

Tuesday	Stocks traded	Closing price	Change on day
Amer T & T	7,721,300	40	− ⅛
Glaxo	3,027,800	28⅛	+ ⅛
Amer Express	2,612,600	22⅝	+ ¼
Telefonos	1,886,500	58	− ⅛
IBM	1,833,500	85¼	− ⅞
Boeing	1,459,000	43⅝	− ¼
Blockbuster	1,458,700	14⅝	− ⅛
RJR Nabisco	1,456,300	9⅞	.....
BankAmerica	1,410,500	44¼	− ⅞
Chrysler	1,392,300	17⅛	− ⅛

TRADING ACTIVITY

† Volume (Millions)	Mar 24	Mar 23	Mar 20
New York SE	188.723	155.620	246.710
Amex	13.708	12.917	17.125
NASDAQ	186.925	148.858	191.500
NYSE			
Issues Traded	2,244	2,217	2,243
Rises	731	694	927
Falls	988	989	773
Unchanged	525	534	543
New Highs	70	57	92
New Lows	26	26	30

CANADA

TORONTO	Mar 24	Mar 23	Mar 20	Mar 19	1992 HIGH	1992 LOW
Metals & Minerals	3004.83	2988.71	3001.26	2994.50	3238.87 (16/1)	2935.22 (2/1)
Composite	3437.80	3443.70	3469.95	3466.73	3666.00 (16/1)	3437.80 (24/3)
MONTREAL Portfolio	1792.77	1793.35	1808.08	1806.53	1937.59 (16/1)	1792.77 (24/3)

Base values of all indices are 100 except NYSE All Common − 50; Standard and Poor's − 10; and Toronto Composite and Metals − 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar 25	Mar 24	Mar 23	Mar 20	1992 HIGH	1992 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1582.0	1583.4	1586.7	1584.1	1675.60 (15/1)	1568.00 (18/3)
All Mining (1/1/80)	683.5	684.6	684.3	687.1	717.20 (25/2)	660.30 (2/1)
AUSTRIA						
Credit Aktien (30/12/84)	431.91	429.64	433.50	437.77	465.20 (18/3)	372.24 (2/1)
Traded Index (2/1/91)	1032.55	1025.82	1034.99	1046.46	1099.43 (24/2)	901.64 (2/1)
BELGIUM						
BEL20 (1/1/91)	1193.37	1189.81	1197.00	1200.89	1234.72 (3/3)	1097.23 (8/1)
DENMARK						
Copenhagen SE (3/1/83)	333.42	333.50	336.69	338.73	365.29 (15/1)	333.42 (25/3)
FINLAND						
HEX General (28/12/90)	834.8	835.5	843.6	861.6	935.90 (24/2)	779.00 (2/1)
FRANCE						
CAC General (31/12/82)	519.86	513.63	519.21	520.30	534.00 (11/3)	475.53 (2/1)
CAC 40 (31/12/87)	1928.28	1896.26	1904.57	1919.12	1993.88 (10/3)	1749.91 (2/1)
GERMANY						
FAZ Aktien (31/12/58)	698.47	694.94	699.13	704.44	715.44 (3/3)	643.26 (8/1)
Commerzbank (1/12/53)	1975.1	1964.7	1977.3	1992.9	2026.70 (3/3)	1813.80 (8/1)
DAX (30/12/87)	1716.26	1713.11	1717.47	1736.30	1764.80 (5/3)	1578.73 (8/1)
HONG KONG						
Hang Seng Bank (31/7/64)	5052.23	5052.32	5061.14	5015.81	5071.19 (13/3)	4301.78 (2/1)
IRELAND						
ISEQ Overall (4/1/88)	1398.15	1397.46	1392.87	1398.22	1469.57 (17/1)	1391.49 (2/1)
ITALY						
Banca Com. Ital. (1972)	499.29	505.50	510.61	511.79	551.59 (6/2)	499.29 (25/3)
MIB General (2/1/87)	983.0	994.0	1007.0	1008.0	1086.00 (5/2)	981.00 (2/1)
JAPAN						
Nikkei (16/5/49)	20226.78	19891.57	20239.60	(c)	23801.18 (6/1)	19764.31 (18/3)
Tokyo SE (Topix) (4/1/68)	1448.78	1439.55	1459.88	(c)	1763.43 (6/1)	1407.78 (18/3)
2nd Section (4/1/68)	2118.40	2118.22	2137.05	(c)	2459.85 (6/1)	2115.93 (18/3)
MALAYSIA						
KLSE Composite (4/4/86)	607.40	609.90	609.33	603.19	619.06 (20/2)	546.63 (14/1)
NETHERLANDS						
CBS TU Rtn.Gen (End 1983)	291.7	292.0	292.9	293.2	295.10 (4/3)	274.00 (8/1)
CBS All Shr (End 1983)	204.8	205.1	205.2	205.9	4379.00 (17/3)	192.40 (8/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	704.76	710.43	713.56	715.65	748.03 (17/1)	667.88 (25/2)
PHILIPPINES						
Manila Comp (2/1/85)	1088.95	1094.63	1101.79	1120.17	1303.30 (17/1)	1083.01 (17/3)
SINGAPORE						
SES All-Singapore (2/4/75)	390.45	388.80	387.34	387.34	416.99 (21/1)	384.78 (9/3)
SOUTH AFRICA						
JSE Gold (28/9/78)	1140.0	1121.0	1103.0	1129.0	1327.00 (21/1)	1103.00 (24/3)
JSE Industrial (28/9/78)	4432.0	4426.0	4399.0	4412.0	4535.00 (15/1)	4169.00 (2/1)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	607.83	(c)	624.13	615.39	691.48 (8/2)	604.63 (15/1)
SPAIN						
Madrid SE (30/12/85)	254.05	255.84	256.19	258.38	266.51 (28/2)	238.93 (2/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1009.3	1001.4	1001.6	1009.7	1009.70 (20/3)	913.70 (2/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	815.4	808.6	808.7	815.8	817.50 (4/3)	748.50 (8/1)
SBC General (1/4/87)	642.6	639.3	640.4	645.8	650.10 (3/3)	601.10 (8/1)
TAIWAN**						
Weighted Price (30/6/66)	4721.25	4790.10	4685.16	4818.18	5391.63 (30/1)	4685.16 (23/3)
THAILAND						
Bangkok SET (30/4/75)	827.22	822.61	827.19	814.39	827.22 (25/3)	711.81 (3/1)
WORLD						
M.S. Capital Intl. (1/1/70) (\$)	493.4	492.8	492.7	492.2	542.10 (7/1)	498.20 (16/3)
Euro Top-100 (26/6/90)	919.70	915.71	914.98	922.48	943.20 (3/3)	870.31 (2/1)

**Saturday March 21: Taiwan Weighted Price: 4745.03. Korea Comp Ex. 617.30

♦ Subject to official recalculation. °Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., Euro Top-100, ISEQ Overall and DAX − 1,000, JSE Gold − 255.7, JSE 26 Industrials − 264.3 and Australia All Ordinary and Mining − 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Wednesday 25 March 1992

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Nippon TV	25.7m	18,780	-300	Asahi Chemical	4.1m	628	-1
Minebea	9.1m	527	+1	Nippon Steel	4.0m	322	+10
Keihin Express	6.1m	852	+27	Chiyoda Corp	3.7m	1,660	0
Toshiba	4.9m	606	+22	Mitsubishi Elec	3.0m	499	+20
Hitachi	4.3m	786	+14	Kurabo Inds	2.7m	541	-1

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

3:30 pm prices March 25

1992 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
15¾	12⅞	AAR Corp	0.48	3.3	17	581	14⅝	14⅜	14⅜	
26	20⅝	A L Labs A x	0.18	0.8	110	116	23½	23¼	23¼	-⅛
68⅞	52⅞	AMP Inc	1.52	2.5	24	677	59⅝	59⅜	59⅜	-⅛
80¼	68⅞	AMR				303077	76	74⅞	75	-⅞
2⅞	1⅞	ARX			2	82	2	1⅞	1⅞	
53½	43¾	ASA	2.76	6.1	13	396	45⅛	44½	44⅞	+⅛
68⅞	58¾	Abbott Lab	1.20	1.9	24	3757	62⅝	61⅞	61⅞	-⅛
13⅞	12⅛	Abitibi Pr	0.50	3.8	20	9	13⅜	13⅛	13¼	-⅛
11⅝	10⅜	ACM Gvt In	0.96	9.2		163	10½	d10⅜	10⅜	-⅛
10⅞	9⅛	ACM GvOpp	0.80	8.8		71	9⅛	9⅛	9⅛	
9½	8⅞	ACM Gvt Sp	0.60	9.3		387	8⅞	d8⅝	8⅝	-⅛
11⅛	10⅛	ACM Gvt Se x	0.96	9.4		186	10⅜	10¼	10¼	
9⅞	8⅝	ACM Man	0.96	10.7		174	8⅞	8⅞	8⅞	
12⅞	10⅞	ACM Mangd	1.08	9.8		170	11⅜	11¼	11¼	
11⅛	7	Acme Cleve	0.40	3.8	10	73	10¾	10⅜	10⅜	-⅛
6¼	4½	Acme Elect			4	33	5⅞	5⅛	5⅞	
33¼	18⅞	Acuson			12	2095	20½	19⅞	20½	+⅜
19½	18½	Adams Expr	0.48	2.5	0	77	19⅛	19	19	-⅛
15½	13	Adobe12PI	2.40	16.6		13	14½	14½	14½	
8⅞	4½	Adobe Res			2	18	5⅛	5	5	-⅛
49⅛	40½	Ad Micro	3.00	6.7		32	44⅞	44⅛	44⅞	+1
21½	16½	Ad Micro P	3.00	15.7	12	1682	19⅝	18⅞	19⅛	+⅞
9⅛	5	Advest Grp	0.16	2.2	30	41	7⅜	7⅛	7¼	+⅛
71¼	67⅛	Aegon ADR				6z100	69¼	69¼	69¼	
47	39	Aetna Lf	2.76	6.4	9	1540	43⅞	43⅛	43⅞	+⅛
12	8⅞	Ahli A	0.24	2.4	71	475	10⅛	10	10	
32⅞	27⅞	Ailec	0.40	1.5	14	379	27½	d27	27	-½
19⅞	16⅝	Ahmanson	0.88	5.6	7	1953	15⅝	d15⅜	15⅞	
22½	15	Aileen Inc			15	122	18	17¼	18	
48⅞	38½	Air Pr Chm	0.80	1.8	18	2681	45⅞	44½	44½	-1¼

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

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82¼	60½	Xerox	3.00	3.9	19	1484	77⅞	77	77¼	-⅝
55½	50½	Xerox4.125				9	53	52	52½	
26½	24⅞	Xtra 1.94	1.94	7.2		21	26⅞	26½	26¾	
37	28½	Xtra Corp	0.80	2.3	14	12	35¼	35⅛	35⅛	-⅛
27	25⅛	Yankee Egy	1.60	6.0	12	4	26⅝	26⅝	26⅝	+⅛
1½	½	Zapata			26	166	1⅛	1⅛	1⅛	-⅛
11⅛	7¼	ZenithElec			5	369	9⅞	9¼	9¼	-⅛
17¼	14½	Zenith Nat	1.00	6.2	7	9	16⅜	16¼	16¼	-⅛
6⅞	6	Zenix Inc x	0.85	12.8		42	u6⅞	6⅝	6⅝	
15⅛	11½	Zero Corp	0.40	3.1	19	146	13⅛	13	13	-⅛
38	34¼	Zurn Ind	0.88	2.4	16	269	37½	37¼	37⅜	+⅛
14⅛	12¾	Zweig Fund	1.16	8.7		90	13⅝	13¼	13⅝	+⅛
11	9⅝	Zweig Totl	0.96	9.1		318	10½	10⅛	10½	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1, excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices March 25

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NASDAQ NATIONAL MARKET

3:15 pm prices March 25

[illegible]

WORLD STOCK MARKETS

AMERICA

Dow boosted by signs of housing recovery

Wall Street

US stock markets bounced back from two days of losses on further signs of recovery in the housing market, *writes Patrick Harverson in New York.*

By 1 pm the Dow Jones Industrial Average was up 11.85 at 3,272.81. The more broadly based Standard & Poor's 500 rose 0.80 at 409.68, while the Nasdaq composite of over-the-counter edged 0.97 higher to 619.65. NYSE turnover was 113m shares by 1 pm.

Although prices opened weaker, the market judged the morning's economic data as a positive influence on sentiment and by late morning the leading indices had moved into the black. The clear good news was the 9.3 per cent rise in February existing home sales.

The 0.1 per cent decline in February durable goods orders was disappointing, although a closer examination showed that non-defence orders rose for the third successive month, which some analysts said was evidence of a revival in the industrial sector.

Airlines remained in the limelight following Tuesday's heavy profit-taking. Delta was hardest hit, with trading delayed due to an order imbalance on the sell side as the second analyst in two days lowered his earnings estimate on concerns about falling passenger-mile yields. When business resumed, Delta fell $1 to $63¾.

Federated Department Stores, the retail group which emerged from bankruptcy last month, rose $1⅝ to $15⅝ after County NatWest upgraded its rating from a "hold" to an "accumulate". On Tuesday Federated said it would soon launch its computerised inventory system to improve coordination between suppliers and vendors.

Coltec went public with an issue priced at $15 a share, part of a planned recapitalisation of the aerospace and automotive parts group. By early afternoon the stock was trading at $17⅛ in more than 7m shares.

On the over-the-counter market, Microsoft rose $1⅝ to $128⅞ in the wake of its acquisition of Fox Software, heralding Microsoft's entry into the database management software field. Borland International, currently the leader in this field, fell $1⅞ to $61¼ (its second big fall in two days) on fears that Borland would face stiff competition from Microsoft.

American Mobile Systems plunged $1⅝ to $4⅝ after its president was suspended and the company's board started an investigation into the unauthorised transfer of $4.1m out of company accounts.

Canada

LOWER interest rates and bargain-hunting lifted Toronto stocks at midday, with banks and gold shares leading the upturn. The TSE 300 composite index rose 19.4 to 3,457.3 in turnover of C$177.3m.

No black clouds mar Chilean skies

Leslie Crawford explains how the revaluation of the peso has revitalised the bolsa

THE Santiago Stock Exchange moves from strength to strength, spurred by falling inflation, a strong peso and a booming economy that is expected to grow by 15 per cent in dollar terms this year.

Mr Mario Lobo, a manager at Celsius, the stockbroker, says: "There is not one negative economic indicator on the horizon. Few countries in the world could match Chile's economic performance over the past year."

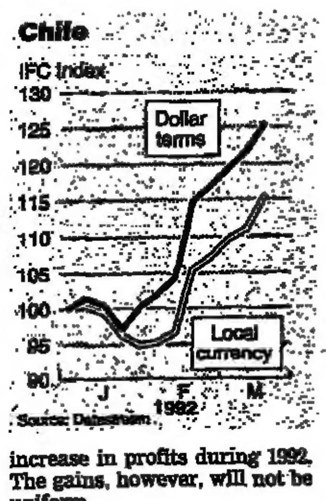
The *bolsa*, or stock exchange, has been the main beneficiary of the central bank's decision to revalue the Chilean peso in January and to introduce looser exchange controls. The peso has appreciated by about 8 per cent against the dollar since early January. As a result, inflation is coming down and so are money market interest rates.

This has led individual and institutional investors to move their cash into the stock market and, as a result, trading has been exceptionally heavy. Some $20m changes hands each day – double the average daily trading volume last year.

The IPSA index of the 40 most traded shares has risen by 21.5 per cent since the beginning of the year. The gains in dollar terms have been even higher because of the peso's appreciation. By last Friday's close, share prices had climbed by 28.6 per cent in dollar terms.

Traders do not expect the *bolsa* to repeat last year's phenomenal growth, when the IPSA index advanced by 124 per cent in real terms. The consensus forecast is that share prices will rise by a further 50 per cent this year.

While Chilean equity is becoming more expensive, shares are still expected to outperform all other investment instruments this year. Some listed companies riding the economic boom are expected to show a 30 per cent real



increase in profits during 1992. The gains, however, will not be uniform.

Exporters are complaining loudly that the central bank has abandoned them. Unless world commodity prices recover this year, the strong peso will dent the profits of large exporting conglomerates such as Copec (cellulose and fishmeal), CMPC (paper and pulp), CAP (forestry and steel) and Iansa (sugar and agro-industrial exports).

The banking sector is also expected to perform poorly as it is suffering from excess liquidity and the loss of corporate business. An increasing number of companies are swapping their bank debt for bond issues carrying lower coupons.

Bank profits were down 78 per cent in January compared with the same month last year, but much of this was due to the fall in the peso value of their dollar assets following the revaluation of the peso.

The hot favourites this year are construction companies, utilities, vineyards and generally any company which can be expected to cash in on Chile's consumer spending spree.

Companies with dollar debts have received an unexpected windfall with the revaluation. Likewise CTC, the telephone utility which imports much of its telecommunications equipment. Its shares have risen by 43 per cent so far this year, making it one of the best performers in the market.

So much economic success, however, tends to breed complacency. Foreign investors have begun to lobby the central bank to lift the remaining restrictions on capital repatriation. At present, foreign investment funds are tied in Chile for three to five years.

Investors point out that Argentina and Mexico now have no restrictions on capital repatriation, making these markets more attractive to regional funds.

Chile's economic stability, however, makes Santiago's *bolsa* the safest bet within the emerging markets in Latin America. A total of 13 foreign investment funds are now active in Chile. They have brought in some $400m over the past 2½ years. The total value of their Chilean assets is now worth $1.12bn.

EUROPE

Milan falls to 1992 low as rumour enlivens Paris

MILAN fell to its lowest level this year while wishful thinking boosted Paris, *writes Our Markets Staff.*

PARIS was enlivened in the afternoon by a rumour, swiftly denied, that Prime Minister Edith Cresson had resigned. The CAC-40 index closed up 32.02 or 1.7 per cent to 1,928.28, just off the day's high of 1,929.34, while turnover, which was quietly below FFr1bn by lunch, rose to FFr2.21bn.

Most blue-chips participated in the afternoon rise, with BSN up FFr23 to FFr1,098 following its pleasing 1991 results on Tuesday. Euro Disney was the notable exception, dropping another FFr3.50 or 2.3 per cent to FFr150 following Goldman Sach's sell note.

Sanofi was volatile following its 1991 results. The stock fell to FFr1,141 before closing up FFr25 to FFr1,200 in moderate volume of 24,000 shares. Some analysts said net profit of FFr956m, up 12 per cent, was not as good as it appeared, since it reflected the inclusion for the first time of profit from its 40 per cent stake in the Hungarian pharmaceuticals company, Chinoin, and a rise in profit at its associated perfume companies, rather than growth in operating profit.

MILAN fell to its lowest level this year on reports in the domestic press, confirmed in yesterday's release of the Treasury report on state finances, that a fall in fiscal revenues was undermining the government's efforts to cut its budget deficit. The market was also depressed by Banca Commerciale Italiana's 1991 results, and fears of a lira devaluation. The Comit index fell 6.21 to 499.29 in turnover estimated at L85bn after L83.8bn.

Heavy selling pushed Banca Commerciale down by L192 or 5.2 per cent to L3,558, accounting for more than half of the total L34bn turned over on the screen-based trading system.

Fiat fell L121 or 2.5 per cent to L4,747. Generali lost L335 to L28,655 and Montedison dropped L36 to L1,349.

FT-SE Eurotrack 100 - Mar 25							
Hourly changes							
Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm	close
1143.66	1144.39	1143.93	1143.43	1143.75	1143.90	1143.00	1144.53
Day's High 1145.52				Day's Low 1142.89			
Mar 24	Mar 23	Mar 20	Mar 19	Mar 18			
1142.88	1142.05	1153.93	1153.18	1153.62			

Base value 1000 (26/10/90)

FRANKFURT was pulled off an early high by news that inflation in Baden-Württemberg stood at a higher-than-expected 4.6 per cent in mid-March. The market was also depressed by disappointing results from Schering, while Veba's surprise dividend increase came too late to revive sentiment. The DAX index reached 1,712.39 in the first 45 minutes before closing at 1,716.26, up 3.15, in turnover of DM5.5bn after DM5.7bn. The FAZ index, calculated at mid-session, rose 3.53 to 698.47.

Schering fell 20 pfg to DM835.80 after the company said it expected no improvement in profit this year, which analysts attributed to the delays in launching a new contraceptive pill in the US and Japan, and disposing of non-core activities.

Reports of big buy orders from the UK pulled Bayer up by DM4.60 to DM300.30 and BMW by DM4.50 to DM575.50. Asko put on another DM15 to DM900 while Continental added DM2 to DM248.50 on bargain-hunting. Veba ended 50 pfg better at DM377.80 before announcing a DM1 rise in the 1991 payout to DM12 but it rose DM2 after hours.

AMSTERDAM was active in Nedlloyd and Daf, the latter slipping ahead of today's results which are expected to disappoint. The CBS Tendency Index rose 0.1 to 125.0.

Daf closed down Fl 1.20 or 4.9 per cent at Fl 24.20. Nedlloyd reached an intraday high of Fl 61.20 but was dragged lower to close 90 cents ahead at Fl 60.00 after the works council lodged an official objection to the appointment of Mr Torstein Hagen, the Norwegian shareholder, to the supervisory board. Bols gained Fl 1 to Fl 47.80 and announced a 17 per cent rise in net profit after the close.

STOCKHOLM again concentrated on Volvo as it B shares advanced 3.5 per cent to SKr15 to SKr430. At an analysts meeting in London on Tuesday the car maker said that 1992 earnings would benefit from a cost-cutting package, enabling its car and bus divisions to return to profit. James Capel has subsequently revised its EPS 1991 forecast to SKr33 from SKr26. The Affärsvärlden General Index added 7.9 to 1,009.3 in turnover of SKr845m after SKr597m.

ZURICH lost some early gains on profit-taking. The SMI advanced 6.0 to 1,830.1. Nestlé remained in focus following its successful bid for Perrier. The group said reports that the European Commission planned to investigate the deal would not affect the takeover. Nestlé bearers and registered shares rose SFr10 and SFr50 to SFr9,490 and SFr9,460 respectively.

Ciba-Geigy and Sandoz were active ahead of today's results: Ciba-Geigy bearers rose SFr40 to SFr3,450 and registered shares put on SFr30 to SFr3,450. Sandoz bearers shed SFr10 to SFr2,610.

BRUSSELS closed higher after five days of falls, helped by stronger bond prices. The Bel-20 index firmed 3.56 to 1,193.37 in turnover of BFr860m.

ASIA PACIFIC

Year-end buying lifts Nikkei above 20,000

Tokyo

WINDOW dressing ahead of the March fiscal year-end book closing pushed share prices higher, helping the Nikkei average to recover the 20,000 support level, *writes Emiko Terazono in Tokyo.*

The 225-issue average gained 335.21 to 20,226.78. Selling by companies and investment trusts was noted, as yesterday was the last trading day for contracts to be settled this fiscal year ending March 31. The index fell in the morning to the day's low of 19,813.81. Arbitrage-related buying and bargain hunting by foreign investors subsequently lifted it to the session's high of 20,230.18.

Volume grew to 350m shares from 300m, as activity rose on cross-trades by companies wishing to realise profits on shareholdings. Advances outscored declines by 622 to 394, with 140 issues unchanged. The Topix index of all first section stocks rallied 9.28 to 1,448.78, although in London the ISE/Nikkei 50 index ended only 0.85 up at 1,135.62.

Traders said steady buying by foreigners and employee share ownership associations offset selling by investment trusts. Market participants also found comfort in buying by arbitrageurs, as concern that futures and arbitrage trading would fall due to the rise in futures commissions, implemented on Monday, had previously prevailed in the market.

Mr Craig Chudler, strategist at UBS Phillips & Drew, said the recent arbitrage buying was prompted by the widening price spread between the futures and cash markets. "Fears that doubling commissions would depress activity were false," he added.

In spite of the rise in the index, however, brokers said that sentiment remained bearish. Rumours that a leading Japanese broker could announce losses due to tobashi, or window dressing clients' accounts by shifting loss-making investments, circulated in the market. A total of 107 issues set new lows.

Financials fell on selling by companies liquidating holdings. Industrial Bank of Japan slipped Y40 to Y2,320 and Mitsubishi Bank Y90 to Y2,090.

Large-capital issues and high-technology blue chips were higher on bargain hunting by foreign investors. Nippon Steel gained Y10 to Y322 and Hitachi added Y14 at Y786.

Matsushita Electric Industrial, however, lost Y20 to Y1,300. Investors were discouraged by reports that the company will post extraordinary losses due to financial problems at its leasing subsidiary.

Potential beneficiaries of public works spending were popular. Penta Ocean Construction forged ahead Y39 to Y989 and Nippon Road advanced Y50 to Y1,420.

In Osaka, the OSE average improved 111.48 to 21,541.10 in volume of 26.3m shares.

SOUTH AFRICA

JOHANNESBURG fell back after early gains in the first hour of trading. The overall index rose 15 to 3,558 and industrials put on 6 to 4,432. The gold index was 19 higher at 1,140. Vaal Reefs rose R2 to R200.

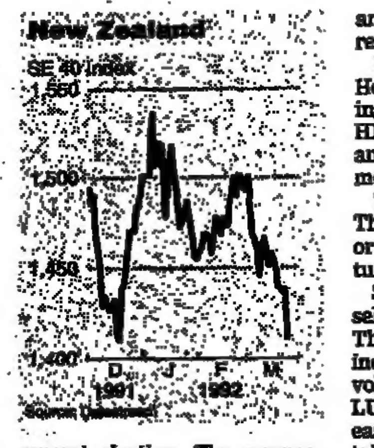
Roundup

FEATURING weakly in another rather mixed day for Pacific Rim markets were New Zealand, which closed at its lowest level since last December, and Seoul.

NEW ZEALAND fell sharply and the NZSE-40 index closed 27.18, or 1.9 per cent, down at 1,411.00 in turnover of NZ$16.2m, up from NZ$11.5m. Analysts said investors were taking money out of the market to fund new issues which are due in the coming week.

Telecom shed 2 cents to NZ$2.34, its lowest since being floated last July. Carter Holt Harvey, which went ex-rights, lost 17 cents at NZ$2.23.

SEOUL dropped following the defeat of the ruling party of President Roh Tae-woo in the



general election. The composite index closed 16.30 off at 607.83 in Won361.9bn turnover.

HONG KONG was mixed in the absence of corporate news. The Hang Seng index eased just 0.09 to 5,052.23 in turnover of HK$2.28bn (HK$2.47bn). Jardine Matheson's results were released after the close, while Cheung Kong, Hutchison Whampoa and Swire Pacific are all expected to announce results today.

HSBC Holdings, parent of Hongkong and Shanghai Banking, dipped 50 cents more to HK$40.75 after last week's announcement that it plans to merge with Midland Bank.

TAIWAN saw profit-taking. The weighted index fell 68.85, or 1.4 per cent, to 4,721.25 in turnover of T$17bn (T$20.6bn).

SINGAPORE was lifted by selective buying of blue chips. The Straits Times Industrial index put on 9.88 to 1,449.66 in volume of 37m shares. KUALA LUMPUR's composite index eased 2.50 to 607.40 on profit-taking in turnover of M$116m. Pacific Chemical climbed M$1.10 to M$20.50 on rumours that a major shareholder was negotiating to sell its stake.

BOMBAY rose for the second consecutive day, leaving the BSE index 132.59, or 3.6 per cent, ahead at 3,802.17.

AUSTRALIA's All Ordinaries index declined 1.4 to 1,582.0 amid light turnover of A$188m.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	TUESDAY MARCH 24 1992								MONDAY MARCH 23 1992					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991/92 High	1991/92 Low	Year ago (approx)
Australia (69)	143.74	−0.1	123.90	121.48	124.35	125.57	−0.2	4.39	143.94	124.43	121.65	124.97	125.84	160.31	112.74	133.80
Austria (20)	169.82	−1.2	146.38	143.53	148.92	148.94	−1.3	1.96	171.92	145.63	145.30	149.27	148.91	222.37	153.86	194.49
Belgium (46)	137.21	−0.3	118.27	115.95	118.70	115.89	−0.4	5.14	137.58	118.94	116.27	119.45	116.38	151.20	118.04	138.63
Canada (115)	129.64	−0.1	111.74	109.55	112.14	111.89	−0.2	3.31	129.74	112.16	109.65	112.64	112.08	144.28	126.49	135.97
Denmark (36)	231.05	−0.7	199.17	195.28	199.89	203.17	−0.8	1.80	232.71	201.17	196.67	202.04	204.86	273.94	217.74	239.87
Finland (15)	77.12	−2.4	66.47	65.18	66.72	73.39	−2.7	1.99	79.04	68.33	66.80	68.62	75.43	125.15	73.32	118.59
France (108)	149.19	+0.6	128.60	126.08	129.05	132.05	+0.4	3.40	148.06	128.00	125.13	128.54	131.52	156.43	119.11	135.99
Germany (65)	116.17	−0.2	100.14	98.20	100.50	100.50	−0.5	2.28	116.37	100.60	98.36	101.03	101.03	125.35	94.15	105.56
Hong Kong (55)	210.17	−0.1	181.16	177.62	181.83	208.82	−0.2	3.75	210.46	181.94	177.87	182.73	209.22	210.88	119.62	150.27
Ireland (18)	157.41	+0.3	135.68	133.03	136.18	138.62	+0.3	3.68	156.87	135.61	132.57	136.19	138.19	182.46	132.88	160.86
Italy (77)	70.19	−0.7	60.50	59.32	60.72	65.58	−1.0	3.54	70.67	61.09	59.72	61.35	66.21	88.23	64.78	77.80
Japan (473)	106.63	−0.4	91.92	90.12	92.26	90.12	−0.4	0.94	107.11	92.59	90.52	93.00	90.52	146.97	104.90	138.37
Malaysia (68)	246.22	+0.1	212.24	208.08	213.00	243.95	+0.1	2.59	245.97	212.63	207.87	213.55	243.74	250.18	189.15	236.19
Mexico (18)	1754.41	+3.2	1512.25	1482.72	1517.76	5887.85	+3.1	0.96	1700.74	1470.26	1437.36	1476.63	5712.38	1789.77	534.45	768.49
Netherland (31)	149.05	+0.3	128.48	125.97	128.95	127.45	−0.1	4.34	148.63	128.49	125.61	129.05	127.53	156.48	125.70	137.29
New Zealand (14)	44.86	−0.1	38.67	37.91	38.81	43.46	+0.2	6.32	44.91	38.83	37.96	39.00	43.38	54.64	41.18	44.54
Norway (24)	170.62	−0.6	147.07	144.20	147.61	151.34	−0.7	1.69	171.57	148.32	145.00	148.96	152.36	223.24	157.08	193.87
Singapore (38)	207.34	+1.3	178.72	175.24	179.37	158.14	+0.6	2.18	204.61	176.88	172.92	177.64	157.23	228.43	151.83	193.58
South Africa (61)	227.21	−0.8	195.85	192.02	196.56	177.69	+0.7	2.83	228.94	197.91	193.48	198.76	176.52	271.99	173.00	198.35
Spain (51)	150.50	−0.1	129.72	127.19	130.19	119.88	−0.2	5.01	150.67	130.25	127.34	130.82	120.08	171.12	131.51	160.64
Sweden (25)	186.99	−0.6	161.18	158.04	161.77	167.13	+0.4	2.79	185.82	160.64	157.05	161.34	166.43	204.12	146.60	184.66
Switzerland (59)	97.85	+0.4	84.35	82.70	84.66	91.85	+0.1	2.21	97.45	84.25	82.37	84.62	91.74	104.22	82.17	92.16
United Kingdom (233)	168.94	+1.0	145.62	142.76	146.13	145.62	+0.7	5.12	167.32	144.64	141.39	145.26	144.64	187.44	156.27	172.54
USA (523)	167.09	−0.3	144.02	141.22	144.55	167.09	−0.3	2.93	167.51	144.81	141.58	145.45	167.51	171.66	125.95	152.51
Europe (808)	139.94	+0.5	120.63	118.27	121.07	121.56	+0.2	4.01	139.31	120.43	117.74	120.96	121.36	151.52	125.50	137.99
Nordic (100)	173.35	−0.2	149.42	146.50	149.97	148.30	−0.3	2.22	173.64	150.11	146.75	150.76	148.79	200.81	155.55	180.27
Pacific Basin (717)	111.39	−0.4	96.02	94.14	96.37	94.64	−0.4	1.32	111.82	96.66	94.50	97.08	95.02	145.92	109.69	138.21
Euro-Pacific (1525)	123.05	+0.0	106.07	103.99	106.45	105.99	−0.1	2.54	123.06	106.38	103.99	106.84	106.14	147.66	121.29	138.46
North America (638)	164.72	−0.2	141.99	139.23	142.53	163.33	−0.3	2.95	165.13	142.75	139.57	143.40	163.74	169.69	125.91	151.41
Europe Ex. UK (575)	121.93	+0.1	105.10	103.07	105.51	107.38	−0.2	3.23	121.81	105.30	102.97	105.78	107.56	129.80	103.58	117.11
Pacific Ex. Japan (244)	158.33	+0.0	136.48	133.83	136.99	140.94	−0.1	3.82	158.32	136.86	133.82	137.47	141.07	158.33	111.40	135.41
World Ex. US (1719)	125.50	+0.0	108.18	106.08	108.58	108.33	−0.1	2.55	125.49	108.48	106.06	108.96	108.43	148.16	122.32	139.34
World Ex. UK (2009)	135.68	−0.2	116.96	114.68	117.39	124.49	−0.3	2.43	135.98	117.55	114.93	118.07	124.80	150.58	120.06	139.83
World Ex. So Af (2181)	138.01	−0.1	118.96	116.65	119.41	126.03	−0.2	2.70	138.13	119.41	116.75	119.94	126.24	153.05	122.92	142.39
World Ex. Japan (1769)	156.73	+0.0	135.09	132.47	135.61	147.35	−0.1	3.33	156.68	135.45	132.43	136.06	147.43	161.90	126.69	146.41
The World Index (2242)	138.58	−0.1	119.46	117.13	119.90	126.50	−0.2	2.71	138.72	119.52	117.24	120.45	126.70	153.70	123.26	142.73

CONSTITUENT CHANGES: At the quarterly panel meeting of the FT-Actuaries World Indices, it was decided to make the following constituent changes with effect from April 1 1992: **Deletions:** Semperit (Austria); Aarhus Oliefabrik B (Denmark), Abbey and Hibernian (both Ireland); Bols Lucas, DAF, Oce Van der Grinten, Ommeren Ceteco, VNU and Volmac Software (all Netherlands); Den Norske Bank Free (Norway); Sniace (Spain); Greycoat, Lovell (Y.J.), Ratners and Union Discount (all UK). Latest prices were unavailable for this edition.